

## **PRE-DEVELOPMENT LOAN AGREEMENT**

THIS PRE-DEVELOPMENT LOAN AGREEMENT (the “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by and between the CITY OF FORT BRAGG, a California municipal corporation (“City”) and DANCO COMMUNITIES, a California corporation (“Danco”).

### **RECITALS**

A. Danco entered into a Vacant Land Purchase Agreement with Richard Nelepovitz (“Seller”) dated February 2, 2017, as amended by Addendum No. 1, dated February 2, 2017; Addendum No. 2, dated January 12, 2018; Addendum No. 3, dated February 28, 2019; Addendum No. 5, (sic) dated January 17, 2020; and Addendum No. 6, dated July 21, 2020 (collectively, the “Purchase Agreement”), for real property located at 441 South Street, Fort Bragg California, County of Mendocino, APNs 018-340-04 and 018-340-08 (the “Property”), as more fully described in Exhibit A, attached hereto and incorporated herein by reference. As of the date of this Agreement, the Purchase Agreement provides that close of escrow is to occur by July 1, 2020.

B. Seller is willing to extend the date for the close of escrow on the purchase of the Property to November 30, 2020, on the condition that Danco deposits the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) (“Deposit”) by July 31, 2020, which Deposit shall be credited against the purchase price of the Property of TWO MILLION SEVEN HUNDRED SIXTY THOUSAND DOLLARS (\$2,760,000).

C. Danco has proposed developing the Property for an affordable housing project (the “Project”) with three components: (i) 20 units of permanent supportive housing, plus a manager’s unit; (ii) 23 single-story senior residential cottages; and (iii) 25 workforce/family residential units. Danco has received preliminary planning entitlements for the Project, and has submitted an award of tax credits from the California Tax Credit Allocation Committee.

D. The City applied for a grant of Three Million Dollars (\$3,000,000) (the “Grant”) from the County of Mendocino Health and Human Services Agency, as the administrative entity for the Mendocino County Homeless Continuum of Care (MCHCOC) from the Homeless Emergency Aid Program (HEAP) to be used for the Project. On February 26, 2019, the City was notified that the Grant was approved for the Project.

E. Danco has received other funding commitments for the Project, including an Infill Infrastructure Grant from the California Department of Housing and Community Development in the amount of Three Million Eight-Nine Thousand Dollars (\$3,089,000); a commitment of Two Hundred Fifty Thousand Dollars (\$250,000) from the City, in its capacity as the Housing Successor to the former Redevelopment Agency of the City of Fort Bragg; and a reservation of low-income housing tax credits as follows: (i) annual federal tax credits for each of 10 years, in the amount of One Million Seven Thousand Nine Hundred Nine Dollars (\$1,017,909); and (ii) total state tax credits Six Million Eight Hundred Twenty-One Thousand Four Hundred Eighty-Six Dollars (\$6,821,486), to be taken over four (4) years.

F. City and Danco have been negotiating the terms of a Project Loan Agreement (the “Project Loan Agreement”) to more fully set forth the terms and conditions of the City’s assistance with the Project, and the development of the Project. The Project Loan Agreement will include a requirement that the Developer execute a new promissory note which will replace and supersede the promissory note executed in connection with this Agreement. The parties anticipate that the Project Loan Agreement shall be considered by the City Council by September 30, 2020.

### AGREEMENTS

1. Recitals are True and Correct. The City and Danco agree that the above recitals are true and correct and are hereby incorporated into this Agreement.

2. City Loan. Subject to the terms and conditions set forth below, the City agrees to lend to Danco, and Danco agrees to borrow from City, the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) (the “Pre-Development Loan”) to be used solely as a deposit on the purchase of the Property for development of the Project and to amend the Purchase Agreement to extend the date for the close of escrow on the conveyance of the Property to November 30, 2020. Said Pre-Development Loan shall be evidenced by a promissory note (the “Note”) in favor of City and in the form attached hereto as Exhibit B and incorporated herein by reference. Danco shall execute and deliver the Note to the City prior to and as a condition to disbursement of any portion of the Pre-Development Loan. Upon execution of the Note, City shall deposit the Pre-Development Loan funds into escrow with First American Title Company, 484 N. Prospect Street, Suite C, Porterville CA 93257; Attn: Ann A. Kay.

3. Danco Authority. Danco covenants, represents and warrants to City that:

- a. Danco is a California corporation, has been duly formed and is validly existing in good standing under the laws of the State of California, and (i) has all requisite power and authority to enter into and perform under this Agreement and the Note, to which it is a party; and (ii) to own and operate its properties and assets and to carry on its business as it is currently being conducted. The execution, delivery and performance by Danco of this Agreement and the Note has been duly authorized by all necessary action on the part of Danco and requires no approval or filing with any governmental authority which has not been obtained or performed. This Agreement and the Note constitutes a legal, valid and binding obligation of Danco enforceable against Danco in accordance with its terms.
- b. Danco maintains its place of business at the address set forth in Section 5 below, and will immediately notify City of any change in such address.
- c. The proceeds of the Pre-Development Loan shall be used solely for a deposit for the purchase of the Property and, pursuant to an executed amendment to the Purchase Agreement, to extend the date for the close of escrow on the Property to November 30, 2020.
- d. No litigation or proceeding against Danco or any affiliate of Danco is pending or threatened before any court, administrative agency, or other governmental

authority which would, if adversely determined, have a material adverse effect on Danco or any affiliate of Danco, or any of their businesses.

- e. There does not exist any pending or, to Danco's knowledge, threatened exercise of the power of eminent domain affecting all or any part of the Property.
- f. To Danco's knowledge, after due inquiry and investigation, (i) the Property does not contain any Hazardous Substances, as defined below; and (ii) no underground storage tanks or underground deposits of Hazardous Substances are or previously have been located on, under or about the Property. As used herein, "Hazardous Substance" means any:

(1) substance, product, waste or other material of any nature whatsoever which is or becomes listed or regulated pursuant to any or all of the following statutes and regulations, as the same may be amended from time to time:

(A) The Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601, et seq. ("CERCLA");

(B) The Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.;

(C) The Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq., ("RCRA");

(D) The Toxic Substances Control Act, 15 U.S.C. Sections 2601, et seq.;

(E) The Clean Water Act, 33 U.S.C. Sections 1251, et seq.;

(F) The California Hazardous Waste Control Act, California Health and Safety Code Sections 25100, et seq.;

(G) The California Hazardous Substance Account Act, California Health and Safety Code Sections 25300, et seq.;

(H) The California Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code Sections 25429.5, et seq.;

(I) California Health and Safety Code Sections 25280, et seq. (pertaining to underground storage of Hazardous Substances);

(J) The California Hazardous Waste Management Act, California Health and Safety Code Sections 25179.1, et seq.;

(K) California Health and Safety Code Sections 25500, et seq. (pertaining to hazardous materials response plans and inventory);

(L) The California Porter-Cologne Water Quality Control Act, California Water Code Sections 13000, et seq.;

(M) California Civil Code Section 2929.5 (pertaining to inspections relating to hazardous substances); or

(N) All other existing and future federal, state and local laws, ordinances, rules, regulations, orders, requirements, and decrees (in each case having the force of law) regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material;

(2) Any substance, product, waste or other material of any nature whatsoever which may give rise to liability (i) under any of the statutes or regulations described in clauses (A) through (N) of Paragraph f.(1) above; or (ii) under any reported decisions of any state or federal court having jurisdiction over Trustor or any portion of the Property;

(3) Petroleum, petroleum products and by-products, gasoline or crude oil, other than petroleum and petroleum products contained within regularly operated motor vehicles; and

(4) Asbestos or asbestos containing materials.

- g. The parties agree that no broker or finder has any claim for commission or fee in connection with this Pre-Development Loan. Danco hereby agrees to indemnify City against any brokers' or finders' fees or commissions claimed through Danco or any of its affiliates in connection with any transactions contemplated hereby.
- h. No event which would constitute an Event of Default under Section 4 of this Agreement shall have occurred and be continuing on the closing date of this Pre-Development Loan.

#### 4. Default and Remedies.

a. The occurrence of any of the following events shall constitute an event of default hereunder (an "Event of Default"):

(1) Danco shall fail to make any payment under the Note when due; or

(2) Any representation or warranty made by Danco in this Agreement or in any certificate, agreement, instrument or statement contemplated by or made or delivered pursuant to or in connection with this Agreement shall prove to have been known by Danco, or should have been known by Danco, to be incorrect in any material respect when made; or

(3) Danco shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or Note on its part to be performed or observed, and any such failure continues for a period of thirty (30) days after written notice thereof shall have been given to Danco by City; or

(4) If, for any reason (other than full satisfaction or written release by City) this Agreement or the Note shall cease to be valid and binding and in full force and effect or Danco shall assert that it is not liable under any of this Agreement or the Note; or

(5) Danco shall (A) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, (B) admit in writing its inability to pay its debts generally as they become due, (C) make a general assignment for the benefit of creditors, (D) be adjudicated a bankrupt or insolvent, or (E) commence a voluntary case under the federal bankruptcy laws of the United States of America or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or corporate or other action shall be taken by it for the purpose of effecting any of the foregoing; or

(6) Without the application, approval or consent of Danco, a proceeding shall be instituted in any court of competent jurisdiction under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors seeking in respect of Danco, respectively, an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of either Danco, of all or any substantial part of its assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Danco, in good faith, the same shall (A) nevertheless result in the entry of an order for relief or in any such adjudication or appointment, or (B) continue undismissed, or pending and unstayed, for any period of sixty (60) consecutive days; or

(7) Danco shall fail to make any payment in respect of any of its indebtedness when due (whether at maturity or upon acceleration) or within any applicable grace period, or any other event or condition shall occur which results in acceleration of the maturity of such indebtedness which would have a material adverse effect on Danco, its business or operations, its business or operations; or

(8) A judgment or order for the payment of money shall be rendered against Danco, which would have a material adverse effect on Danco, or

any of its business or operations and such judgment or order shall continue unsatisfied and unstayed for a period of ninety (90) days; or

(9) Any change occurs in the beneficial ownership of any interest in Danco without City's prior written consent.

- b. Upon the occurrence of an Event of Default in addition to any other rights or remedies it may have under this Agreement or the Note, at law, in equity or otherwise, City may, at its option, declare all sums of interest and principal remaining outstanding on the Loan and all other sums outstanding under or in respect of this Agreement or the Note to be immediately due and payable, without notice of default, presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Danco. Notwithstanding anything to the contrary in the preceding sentence, if an Event of Default described in Section 4.a.(5) or 4.a.(6) above shall occur, all sums of interest and principal remaining outstanding on the Loan and all other sums outstanding under or in respect of this Agreement or the Note shall be deemed automatically and immediately due and payable, without any declaration or other determination by City and without notice of default, presentment, demand, protest, or further notification of any kind, all of which are hereby expressly waived by Danco.

5. Notices. All notices and other communications provided for under this Agreement shall be in writing and shall be personally delivered or sent by first class United States mail, by nationally recognized overnight courier such as Federal Express or DHL, or by telecopy or by other means of telecommunication, to the following addresses:

If to Danco: Danco Communities  
5251 Ericson Way  
Arcata, CA 95521  
Attention: Chris Dart, President  
Email: [cdart@danco-group.com](mailto:cdart@danco-group.com)

If to City: City of Fort Bragg  
416 North Franklin Street  
Fort Bragg, CA 95437  
San Diego, CA 92101  
Attention: Tabatha Miller, City Manager  
Email: [tmiller@fortbragg.com](mailto:tmiller@fortbragg.com)

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices and communications shall be deemed received (i) if personally delivered, upon delivery; (ii) if sent by first class United States mail, following deposit in the mail with first class postage prepaid, upon receipt; (iii) if sent by courier service with next Business Day delivery charges prepaid, upon

receipt; and (iv) if sent by telex, telecopy or similar form of telecommunications, upon receipt. For purposes hereof, "Business Day" means each day which is not a Saturday, Sunday, or other day on which commercial banks in the State of California are authorized or required to close under the laws of the State of California or federal law.

6. Legal Fees. In the event City employs counsel to collect on the Pre-Development Loan, or otherwise to exercise its remedies, including without limitation filing a claim in connection with any bankruptcy or insolvency proceedings, Danco shall pay the reasonable fees, costs and expenses of City, including, without limitation, attorneys' fees, whether or not suit is brought.

7. No Waiver; Remedies. No failure on the part of City or Danco to exercise, and no delay in exercising, any right, power, or remedy under this Agreement or the Note shall operate as a waiver thereof; nor shall any single or partial exercise thereof or the exercise of any other right. The remedies provided in the this Agreement or the Note are cumulative and not exclusive of any remedies provided by law.

8. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with the laws of the State of California. Danco and City hereby agree that the appropriate venue for any action arising under or relating to this Agreement or the Loan is the Superior Court for Mendocino County, California. Borrower and Lender further consent to service of process upon each of them in such manner as shall be permitted by the laws of the State of California if litigation or other legal process is commenced in the courts of the State of California.

9. Severability. Any provision of this Agreement or the Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or Note or affecting the validity or enforceability of such provision in any other jurisdiction.

10. Miscellaneous. Amendments of this Agreement may be made only in writing by both City and Danco. Compliance with any warranty, covenant, or condition herein set forth may be omitted or waived only in writing by City. This Agreement, together with the Note, constitutes the entire agreement among the parties with respect to the subject matter contained herein and therein, and supersedes any prior agreements or understanding among the parties, whether written or oral. This Agreement and the Note do not create and the parties do not intend to create a joint venture, partnership, trust or other business or fiduciary relationship between Danco and City, other than that of debtor and creditor. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Danco shall not transfer or assign any of its rights or obligations hereunder without the prior written consent of City which may be withheld for any reason or no reason. City may assign, transfer, sell, or otherwise convey in whole or in part, at any time, in the form of participations or otherwise, its rights, duties, title, and interest under, in, and to its Loan and this Agreement and Note. This Agreement may be executed in one or more counterparts, each of which shall be

deemed to be an original and all of which together shall be deemed to constitute one and the same document.

*[Remainder of Page Intentionally Left Blank—Signature Page Follows]*



[Signature page to Pre-Development Loan Agreement]

**“CITY”:**

CITY OF FORT BRAGG, a California municipal corporation

By: \_\_\_\_\_  
Tabatha Miller, City Manager

Date: \_\_\_\_\_, 2020

Attest: \_\_\_\_\_  
\_\_\_\_\_, City Clerk

**“DANCO”:**

DANCO COMMUNITIES, INC., a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2020

## EXHIBIT A

### LEGAL DESCRIPTION OF THE PROPERTY

All that certain real property situated in the County of Mendocino, State of California, more particularly described as follows:

#### Parcel One:

That certain real property situated in the City of Fort Bragg, County of Mendocino, State of California and being a portion of Sections 7 and 18, Township 18 North, Range 17 West, Mount Diablo Meridian, more particularly described as follows:

Commencing at the section corner common to Sections 1 and 12, Township 18 North, Range 18 West and Sections 6 and 7, Township 18 North, Range 17 West, Mount Diablo Meridian; thence East, 2670 feet; thence South 5310 feet; thence West 320 feet to the true point of beginning (said true point of beginning also being the north corner common to Lots 70 and 71 of Union Lumber Company Suburban Lots as shown on that certain record of survey map filed for record February 3, 1967 in Map Case 2, Drawer 8, Page 22, Mendocino County Records); thence from said point of beginning and along the exterior boundaries of the following described parcel, North 88°40'20" West, 320.00 feet to the Northwest corner of said Lot 71; thence along the westerly line of said Lot 71, South 01°19'40" West, 511.40 feet to the southwest corner of said Lot 71 and the northerly line of South Street; thence along the southerly line of said Lot 71 and Lot 70 and said northerly line of South Street, South 71°44'00" East, 341.01 feet; thence leaving said northerly line of South Street, North 22°28'54" East, 297.48 feet; thence South 88°40'20" East, 206.42 feet to a point on the easterly line of the lands of Joe J. Rossi as shown on aforesaid record of survey map; thence along said easterly line, North 43°12'00" East, 287.91 feet; thence North 00°40'20" West, 119.00 feet to the north line of said lands of Joe J. Rossi and the northerly line of said Lot 70; thence along said northerly line of said Lot 70, North 88°40'20" West, 508.00 feet to the true point of beginning.

The above legal description is pursuant to the City of Fort Bragg Lot Line Adjustment #1-94 by deed recorded May 23, 1994 in Book 2177, Page 587, Mendocino County Records.

APN: 018-340-04

#### Parcel Two:

That part of the North half of the Northwest quarter of Section 18, Township 18 North, Range 17 West, MDB&M, particularly described as follows, to wit:

Commencing at the southwesterly corner of Lot 71 of a certain subdivision in said North half of the Northwest quarter of said Section 18 for the point of beginning; thence around the piece or parcel of land to be conveyed by the following courses and distances:

Northerly and along the westerly boundary line of said Lot 71, 500 feet, more or less, to the northerly boundary line of Lot 71; thence westerly 20 feet to the easterly boundary line of said Lot 72; thence southerly and along the easterly boundary line of Lot 72, 500 feet, more or less, to the southerly boundary line of Lot 72; thence easterly and along the northerly boundary line of a certain lane or road, 20 feet, more or less, to the point of beginning.

APN: 018-340-06

EXHIBIT B

FORM OF PROMISSORY NOTE

**PROMISSORY NOTE**

**\$250,000**

\_\_\_\_\_, 2020  
**Fort Bragg, California**

1. FOR VALUE RECEIVED, **DANCO COMMUNITIES, INC.**, a California corporation, (“Borrower”) hereby promises to pay to the order of the **CITY OF FORT BRAGG**, a California municipal corporation, (“Lender”) at its place of business located at 416 North Franklin, Fort Bragg, CA 95437, or at such other place as the Lender may designate in writing, the principal sum of TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$250,000), together with interest on the unpaid principal balance from time to time outstanding at an annual rate equal to three percent (3%) simple interest, with all principal and interest due and payable on the date that is Fifty-Five (55) years after the date of this Note (the “Maturity Date”). This Promissory Note is the “Note” referred to in the Pre-Development Loan Agreement of even date herewith (as may be amended from time to time, the “Loan Agreement”), between Borrower and Lender, and is entitled to all of the benefits of the Loan Agreement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. Payments. If escrow has not closed on Borrower’s purchase of the Property pursuant to the Purchase Agreement by November 30, 2020, the entire principal and interest due on this Note shall become immediately due and payable. The parties understand and acknowledge that this Note may be replaced with a new note pursuant to the terms of the Project Loan Agreement. All payments of principal and interest shall be in lawful money of the United States of America. Payment shall be deemed made at the time the Lender receives such payment subject to the condition subsequent that any check or similar instrument is honored as drawn on sufficient funds.

3. Usury. All agreements between Borrower and Lender are expressly limited, so that in no event or contingency, whether because of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance, or retention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances, fulfillment of any provision of this Note or the Deed of Trust securing this Note or any other agreement pertaining to this Note, after timely performance of such provision is due, shall involve exceeding the limit of validity prescribed by law that a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity. If, under any circumstances, Lender shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Note and not to pay interest, or, if such excessive interest exceeds the unpaid principal balance under this Note, such excess shall be refunded to Borrower. This provision shall control every other provision of all agreements between Borrower and Lender.

4. Prepayments. Borrower may prepay all or part of the outstanding balance of principal and interest due under this Note, without premium or penalty, at any time. Any prepayments made hereunder shall be applied in accordance with Section 8.

5. Event of Default. An event of default shall occur under this Note upon (a) the failure of Borrower to make any payment within thirty (30) days of the day it is due; (b) Borrower obtains or becomes subject to an order for relief under the Bankruptcy Code; or (c) Borrower consents to or suffers the appointment of a receiver or trustee to any substantial part of its assets that is not vacated within ninety (90) days.

6. Cure Period. Borrower shall have the right to cure any default in payment hereunder for a period of thirty (30) days following notice of non-payment from Lender to Borrower.

7. Waiver of Notice. Borrower, for itself and its legal representatives, successors and assigns, expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, and diligence in collection, and consents that Lender may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby. To the fullest extent permitted by law, Borrower waives the statute of limitations in any action brought by Lender in connection with this Note.

8. Application of Payments. All payments on this Note shall be applied first to the payment of the balance of accrued and unpaid interest, and then to the reduction of the principal balance.

9. Attorneys' Fees and Costs. In the event it should become necessary to employ counsel to collect this Note, Borrower agrees to pay the attorneys' fees and costs of the Lender, whether or not suit is brought. This Note and all transactions hereunder and/or evidenced hereby shall be governed by, construed under and enforced in accordance with the laws of the State of California.

10. Waivers By Lender. No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of Lender to take, or any delay by Lender in taking, any action with respect to any such breach, default or failure of condition or from any previous waiver of any similar or unrelated breach, default or failure of condition. A waiver of any term of this Note must be made in writing and shall be limited to the express written terms of such waiver.

11. Interpretation. Caption headings in this Note are for convenience purposes only and are not to be used to interpret or define the provisions of this Note. If a court of competent jurisdiction finds any provision of this Note to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other person or circumstances, and all provisions of this Note in all other respects shall remain valid and enforceable.

12. Assignment. This Note may not be assigned by Borrower without the prior written consent of Lender.

13. Notices. Except as otherwise set forth herein, all notices or demands by any party relating to this Note shall be in writing and either personally served, sent via USPS or via a reputable overnight carrier to Borrower or to Lender, as the case may be, at their address set forth within. Lender's notice address is 416 North Franklin, Fort Bragg, CA 95437. All notices or demands sent in accordance with this Section 14 shall be deemed received on the earlier of the date of actual receipt, two days after deposit in regular mail, or one day following deposit with an overnight carrier.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the last date below.

**BORROWER:**

DANCO COMMUNITIES, INC,  
a California corporation

By: \_\_\_\_\_  
Name:  
Title: