

**OPEN DOOR COMMUNITY HEALTH CENTERS
NOTE -- UNSECURED
(Planning and Technical Assistance)**

\$35,00.00

Arcata, California

Date: 2/27/13

I. **FOR VALUE RECEIVED**, the undersigned, **Open Door Community Health Centers**, (“Borrower”), promises to pay to the City of Arcata (“Lender”), or order, at 736 F Street, Arcata, California, or at any other place designated in writing by Lender, the principal sum of **THIRTY FIVE THOUSAND DOLLARS AND ZERO CENTS (\$35,000.00)**, plus any other sums that may become due as described in this promissory note (the “Note”) together with simple interest on the unpaid balance at the rate of **Zero Percent (0.0%)** per annum. This Note is made in reference to the following facts:

- A. Lender provides these loan funds to Borrower from its Community Development Block Grant (CDBG) Program Income, and the use said funds is governed by the City of Arcata CDBG Program Income Reuse Plan, approved by the Arcata City Council on December 5, 2012. The State’s administration of the federal CDBG Program, for non-entitlement jurisdictions, is pursuant to the provisions of 42 U.S.C. 5301 et seq, 24 CFR Part 570 Subpart I, and 25 California Code of Regulations Section 7050 et seq.
- B. Borrower has executed on even date herewith a loan agreement (the “Loan Agreement”) setting forth additional terms and conditions of the Loan. The Loan Agreement and this Note are collectively referred to herein as the “Loan Documents.”

II. Maturity Date. Payment on this Note shall be deferred until the **Tenth (10th)** anniversary date of this Note, FEBRUARY 27, 2023, (the “Maturity Date”), at which time the entire outstanding principal balance of this Note, all accrued interest and any other amounts owing under this Note shall be due and payable. Lender shall forgive the Loan upon issuance of a Certificate of Occupancy to use the health care facility. In the event Borrower is unable to complete construction of the health care facility. Prior to the Maturity Date, Borrower may apply to Lender to restructure the Loan or extend the Maturity Date.

III. Events of Default. Upon an Event of Default under any of the Loan Documents and acceleration by Lender of amounts due hereunder, the entire outstanding principal balance of this Note and all accrued interest thereon shall be due and payable.

IV. Acceleration of Principal. If any monthly installment or a required payment under this Note is not paid when due and remains unpaid for a period of three (3) full months, after application of any partial payments which may have been accepted but not yet applied to the Borrower’s account, the entire principal amount outstanding, and any other amounts described in this Note shall at once become due and payable at the option of the Lender. The Lender may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. If suit is brought to collect this Note, the Lender shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

V. Late Charges. Borrower agrees that it would be impracticable or extremely difficult to fix the actual damage to Lender accustomed by the failure of Borrower to make any monthly installment when due. Therefore, Borrower agrees that the following late charge schedule is reasonable under the circumstances:

- Failure to make any monthly installment within fifteen (15) days of its due date, **once** in a 12 month period, Borrower shall pay Lender a **\$20.00** late charge.
- Failure to make any monthly installment within fifteen (15) days of its due date, **twice** in a 12 month period, Borrower shall pay Lender a **\$40.00** late fee.

- Failure to make any monthly installment within fifteen (15) days of its due date, **more than twice** in a 12 month period, Borrower shall pay Lender an **\$80.00** late fee.

VI. Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, or to such other address as Borrower may designate by notice to the Lender. Any notice to the Lender shall be given by mailing such notice by certified mail, return receipt requested, to the Lender at the following address or such other address as may have been designated by notice to Borrower:

City of Arcata
Finance Department
736 F Street
Arcata, California 95521

VII. In any litigation or other proceeding by which one party either seeks to enforce its rights under this Note or seeks a declaration of any rights or obligations under this Note, the prevailing party shall be awarded reasonable attorney's fees and its costs of suit.


VIII. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Note shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any one breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing signed by the Debtor.

IX.. This Note may be prepaid at any time without penalty.

Dated: FEBRUARY 27, 2013

BORROWER:

Open Door Community Health Centers, a California non profit corporation

By: 
Name: HERMANN SPLETZER
Its: CEO

ADDRESS:

670 9th St.
Suite 203
Arcata, CA 95521