

**SECURED PURCHASE MONEY PROMISSORY NOTE
SECURED BY DEED OF TRUST**

_____, 20__ (“**Effective Date**”) _____, California \$_____

1. Promise to Pay. In installments as set forth herein, for value received, the undersigned _____, an individual (“**Maker**”), promises to pay to order of _____, a _____ (“**Holder**”) at _____, or such other place as the holder hereof may from time to time direct Maker in writing the principal sum of _____ Dollars (\$_____) (“**Fixed Principal Amount**”), with simple interest at the rate of _____ percent (____%) per annum commencing on the Effective Date and continuing until the Maturity Date (defined below).

2. Interest Only Payment; Maturity and No Extension. Commencing on the Effective Date and continuing thereafter on the same day of each calendar month until the Maturity Date, all accrued interest for the previous calendar month or portion thereof, or more if required hereunder, without setoff, demand or counterclaim, shall be due and payable in consecutive monthly interest-only installments. Interest only payments will not repay the outstanding Fixed Principal Amount of this Note by the Maturity Date. Maker shall pay the entire outstanding Fixed Principal Amount plus all accrued, unpaid interest and any additional sums due hereunder in full upon the earlier of the following (referred to herein as the “**Maturity Date**”): (i) a Transfer as defined in Section 7 below, (ii) the date which is _____ (____) months after the Effective Date or (iii) upon an Event of Default (as defined below). Maker has no right to extend the Maturity Date.

MAKER ACKNOWLEDGES AND UNDERSTANDS THAT THE OUTSTANDING FIXED PRINCIPAL AMOUNT OF THIS NOTE, PLUS ALL ACCRUED BUT UNPAID INTEREST THEREON, SHALL BE DUE AND PAYABLE TO HOLDER ON THE MATURITY DATE. MAKER FURTHER UNDERSTANDS AND ACKNOWLEDGES THAT THIS NOTE DOES NOT PROVIDE FOR FULL AMORTIZATION OF THE BALANCE, AND THEREFORE, UPON THE MATURITY DATE, A BALLOON PAYMENT OF PRINCIPAL AND ACCRUED AND UNPAID INTEREST WILL BE REQUIRED. MAKER ALSO ACKNOWLEDGES THAT UNPAID INTEREST SHALL BE ADDED TO PRINCIPAL AND SHALL THEREAFTER BEAR INTEREST ON A COMPOUNDED BASIS.

3. Purchase Money Note. The obligation evidenced by this Note constitutes a portion of the purchase price of certain improved real property located in the County of _____, State of California (the “**Property**”), as more particularly described in the Deed of Trust (defined below), which Maker purchased from Holder or its designee pursuant to a purchase agreement dated for reference purposes as of _____, 20__ (“**Purchase Agreement**”), which is incorporated herein by this reference. Initially capitalized terms not otherwise defined herein have the same meanings as in the Purchase Agreement. This is the purchase money note referred to in the Purchase Agreement; it is secured by a purchase money deed of trust and assignment of rents to _____, a _____, as Trustee (“**Deed of Trust**”).

4. Method of Payment; Acceleration on Default. Principal and interest are payable in lawful money of the United States. Unless otherwise agreed or required by applicable law, payments will be applied first to unpaid collection costs and late charges, then to accrued unpaid interest, and any remaining amount to principal. Should any Event of Default occur (as defined in Section 6 below), a late fee of _____ percent (____%) of the amount due (the “**Late Fee**”) shall be paid by Maker to the holder of this Note and the entire balance of principal and interest evidenced hereby shall become immediately due and payable at the option of the holder of this Note. In addition to the Late Fee, in the event Maker fails to pay any principal and/or interest (including the payment due upon the Maturity Date), within 10 days of the date such installment is due, then in addition to any other amounts payable hereunder, the entire outstanding balance of principal under this Note shall thereafter bear interest from the last date interest was paid to, and shall continue until such overdue payment is paid in full, at the increased rate of _____ percent (____%) (“**Default Rate**”) per annum over and above the applicable interest rate provided for in the introductory paragraph of this Note.

5. Prepayment. Maker may prepay this Note at any time in whole or in part without penalty.

6. Events of Default. At the option of Holder, it shall be an “Event of Default” hereunder if (i) Maker fails to pay when due any sum payable under this Note within ____ (____) days after written notice of delinquency, or (ii) any default or event of default occurs under the Deed of Trust.

7. Acceleration on Note Upon Transfer of the Property. In the event of any Transfer (defined below) of the Property covered by the Deed of Trust or any part thereof or any interest therein in any manner or way, whether voluntary or involuntary, without the prior written consent of the Holder, (which consent may be withheld for any reason or for no reason or given upon such terms and conditions as Holder deems necessary or appropriate, all within Holder’s absolute discretion) the entire balance of the principal and interest of this Note shall, at the option of the holder hereof, be declared immediately all due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Holder may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to this Note and the Deed of Trust, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein and therein. As used herein, “Transfer” includes the sale, transfer, conveyance, assignment, alienation or other disposal of or divestment of title to, or, mortgage, conveyance of security interest to, or other encumbrance of the Property or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of an agreement to sell or an option to buy the Property, or any portion thereof or interest therein.

The covenant in this Section 7 shall run with the Property and remain in full force and effect until the indebtedness secured by the Deed of Trust is liquidated, and Holder may, without notice to Maker, deal with such transferees with reference to the indebtedness secured hereby in the same manner as with Maker, without in any way altering or discharging Maker’s liability hereunder or the indebtedness secured hereby or the liability of any guarantor of Maker with respect thereto.

8. Waivers by Maker; Governing Law. The undersigned and every guarantor, endorser and surety hereof waive to the fullest extent permitted by applicable law presentment, protest, notice of protest, demand, notice of dishonor and nonpayment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of this Note, and expressly agree that this Note or any payment due according to the terms of this Note may be extended from time to time by the holder hereof without in any way affecting the liability of the undersigned or any guarantor, endorser or surety hereof. This Note shall be construed according to the laws of the State of California.

9. Collection Costs and Attorneys' Fees. If the holder of this Note refers it to an attorney for collection or seeks legal advice following a default under this Note or under the deed of trust securing this Note, or if an action is instituted on this Note, or if any other judicial or non-judicial action is instituted by the holder hereof or by any other person, and an attorney is employed by the holder hereto to appear in any such action or proceeding or to reclaim, sequester, protect, preserve or enforce the holder's interest in the real property security for this Note, including, but not limited to, proceedings to foreclose the indebtedness evidenced hereby, proceedings under the federal Bankruptcy Code, or eminent domain, or under the California Probate Code, or in connection with any state or federal tax lien, or to enforce an assignment of rents, or for the appointment of a receiver, the undersigned and every endorser, guarantor and surety hereof and every person who assumes the obligations evidenced by this Note and the deed of trust securing the same, jointly and severally promise(s) to pay reasonable attorneys' fees for services performed by the holder's attorneys, and all reasonable costs and expenses incurred incident to such employment.

10. Waivers by Holder of Note. The holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies under this Note unless such waiver is in writing and signed by such holder and then only to the extent specifically set forth in writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. No delay or omission of the holder of this Note to exercise any right, whether before or after a default under this Note, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by the holder of this Note of any past-due amounts shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or in the future due and payable.

11. Usury. Holder does not intend to contract for, charge, or receive any interest or other charge which is usurious, and by execution of this Note, Maker acknowledges that Holder has no such intent. All agreements between Maker and Holder, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid, or agreed to be paid, to Holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment of performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or other documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligations to be fulfilled shall be

reduced to the limit of such validity, and if from any such circumstance Holder shall ever receive as interest or otherwise an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of Maker to Holder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded to Maker. The terms and provisions of this paragraph shall control and supersede every other provision of any and all agreements between Maker and Holder.

12. Severability of Provisions. If any provision of this Note shall be determined to be void or unenforceable, it shall not affect the validity of the remaining provisions hereof which shall be considered severable.

13. Joint and Several Obligations/Inconsistent Statements. If Maker consists of more than one person or entity, the obligations of Maker shall be the joint and several obligations of all such persons or entities. In the event Holder receives inconsistent information, demands, instructions or requests from such Makers, Holder shall have the absolute right (and Makers hereby consent to allow Holder) to chose, in its sole and absolute discretion, between such inconsistent information, demands, instructions or requests and Holder's choice shall be binding on all Makers, jointly and severally. Holder shall have no duty to investigate the validity or accuracy of any such information, demands, instructions or requests by any Maker.

DO NOT DESTROY THIS NOTE. When paid, this Note, with the Deed of Trust securing this Note, must be surrendered to the Trustee for cancellation before reconveyance will be made.

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**SIGNATURE PAGE TO SECURED PURCHASE MONEY PROMISSORY NOTE
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MAKER:

By: _____