

PROMISSORY NOTE

\$300,000.00

October ____, 2015
Portland, Oregon

FOR VALUE RECEIVED, HUMAN SOLUTIONS, INC., an Oregon non-profit, public benefit corporation ("**Borrower**"), promises to pay to the order of **MULTNOMAH COUNTY**, a political subdivision of the State of Oregon ("**County**"), the principal sum of **Three Hundred Thousand and No/100s Dollars (\$300,000.00)**, the same to be satisfied through Borrower's performance of the covenants described in Paragraph 2 hereof and, if the covenants are not performed in full, the principal sum shall be repaid in lawful money of the United States of America (this "**Note**"). Principal and any other amount payable hereunder to County shall be paid at 501 SE Hawthorne, Suite 600, Portland, OR 97214, or such other place as County may direct.

1. Security for Borrower's Performance. Borrower's performance of the this Note is secured by a second position Trust Deed encumbering Borrower's real property at 16015 SE Stark Street, Portland, OR 97233 (the "**Second Trust Deed**"), which is further described in Exhibit A, attached hereto and made a part hereof (the "**Property**"). The Second Trust Deed is subordinate to the first position trust deed encumbering the Property and securing Borrower's repayment of the loan from the Housing Development Corporation ("HDC") Community Loan Fund LLC (the "**HDC CLF Note**").

2. Performance of Covenants. Borrower shall duly and punctually perform all of the following obligations:

(a) Contract for construction of roof repairs, interior modifications, improvements, plumbing and electrical upgrades and installation of fixtures on the Property to permit its licensed operation and occupancy as a family warming shelter, by up to one hundred thirty (130) individuals (the "**Shelter**"), beginning February 1, 2016, or such earlier or later date when all required licenses and occupancy permits are issued (the "**Shelter Opening Date**"); and

(b) Operate the Shelter, in consideration for which County will credit Fifty Thousand Dollars (\$50,000) per year on each anniversary of the Shelter Opening Date toward satisfaction of the principal due on this Note; or

(c) In lieu of (b), lease the Property to a qualified service provider selected by County based on a competitive solicitation to operate the Shelter; in consideration for which County will credit Fifty Thousand Dollars (\$50,000) for each year the Shelter is operated on each anniversary of the Shelter Opening Date toward satisfaction of the principal due on this Note.

3. Payment of Indebtedness. For any part of this Note obligation not satisfied by Borrower's performance of the covenants as described in Paragraph 2 and upon Borrower's sale

of the Property or receipt of construction financing for redevelopment of the Property, Borrower shall pay to County all remaining principal indebtedness under this Note, following Borrower's full repayment of the HDC CLF Note, from the proceeds of Borrower's sale of the Property or the proceeds of Borrower's construction financing secured for redevelopment of the Property.

4. Maturity Date and Prepayment.

(a) **Maturity Date.** This Note, if not sooner paid, is due and payable in full on the earlier of November 1, 2020, or the second anniversary following Borrower's closure of the Warming Shelter on the Property.

(b) **Right to Prepay.** Borrower may prepay all or any portion of the principal balance of this Note at any time and without penalty.

5. Default.

(a) **Events of Default.** Each of the following shall constitute an Event of Default: (1) Failure of Borrower to perform or abide by any covenant, including without limitation those covenants in this Note or the Second Trust Deed, within 20 days after written notice thereof given to Borrower by County or, if such cure cannot be completed within such 20-day period, the failure by Borrower to commence the required cure within such 20-day period and thereafter to continue and complete the cure with diligence; (2) If for any payment due hereunder the entire amount due is not paid within ten (10) days after the date upon which notice of default in the making of such payment was given to Borrower, or (3) If there occurs an Event of Default under the Loan Documents, as the term Event of Default is therein defined.

(b) **Remedies.** Upon the occurrence of an Event of Default, or at any time thereafter, at the option of County, the whole of the principal sum then remaining unpaid shall become immediately due and payable without notice, and the lien or liens given to secure its payment may be foreclosed. Failure to exercise any right to which County may be entitled, in an Event of Default, shall not constitute a waiver of the right to exercise any such right for a continuing or subsequent Event of Default.

(c) **Costs of Default.** Borrower shall pay all costs of collection when incurred by County, including, but not limited to, reasonable attorneys' fees. County is authorized to consult with, employ, and pay attorneys upon an Event of Default or upon institution of legal proceedings by or against County in connection with this Note or the Second Trust Deed, and Borrower shall reimburse County for all of County's legal fees and costs in such amount as the court in any such proceeding and on any appeals from any judgment or decree entered therein may adjudge reasonable. Borrower shall pay all other costs incurred by County in collecting or attempting to collect any sums due under this Note or protecting or enforcing any rights of County under this Note and/or any Loan Document, including, without limitation, County's attorneys' fees and costs in such amount as the court in any such proceeding and on any appeals from any judgment or decree entered therein may adjudge reasonable. All such amounts paid by County shall have equal priority with, and be secured by, the Loan Documents.

(d) **Waivers.** Borrower and all endorsers and all persons liable or to become liable on this Note waive demand, protest and notice of demand, protest and nonpayment, and hereby consent to: (i) any and all extensions in the time for making payments under this Note as the County, in its sole discretion, may grant from time to time, (ii) the release of all or any part of the Property, and (iii) the release of any party liable for payment of the obligations hereunder. All of the obligations herein contained shall be binding upon Borrower and Borrower's successors and assigns. All obligations of Borrower shall inure to the benefit of the successors and assigns of County. In any action or proceeding to recover any sums herein provided for, no defense of adequacy of security or that resort must first be had to security or to any other person shall be asserted.

6. Governing Law. This Note shall be enforced and construed in accordance with the laws of the State of Oregon. Time is of the essence of this Note and of each and every provision hereof.

7. Notices. Notices required or permitted to be given under this Note shall be given in the manner and to the addresses, and shall be effective at the times, specified in the Loan Documents.

IN WITNESS WHEREOF, Borrower has executed this Note, as of the date hereof.

BORROWER:

HUMAN SOLUTIONS, INC.,
an Oregon non-profit, public benefit corporation

By: _____
Name: _____
Title: _____

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, acting by and through its Board, approves this Promissory Note and accepts the covenants of Borrower.

Dated this _____ day of October, 2015.

MULTNOMAH COUNTY,
a political subdivision of the State of Oregon

By: _____
Deborah Kafoury, Chair

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL I:

The South 175 feet of Lot 12, Block 3, MEYERMEAD, in the City of Portland, Multnomah County, Oregon.

PARCEL II:

Lot 12, EXCEPTING THEREFROM the South 175 feet thereof, Block 3, MEYERMEAD, in the City of Portland, Multnomah County, Oregon.