

**NOTICE TO BORROWER
THIS DOCUMENT CONTAINS PROVISIONS
RESTRICTING RESALE AND ASSUMPTIONS**

PROMISSORY NOTE AND SECURITY AGREEMENT

**County of San Mateo
Stone Pine Cove Loan Program**

<<Amount>>

**830 Stone Pine Road, #SPACE NUMBER
Half Moon Bay, California 94019**

_____, 2025

FOR VALUE RECEIVED, the undersigned «BORROWER NAME» «BORROWER NAME 2» «BORROWER NAME 3», ("Borrower"), in accordance with this promissory note (the "Note"), promises to pay to the County of San Mateo, a political subdivision of the State of California ("Lender") at County of San Mateo, Department of Housing, 264 Harbor Blvd., Bldg. A, Belmont, CA 94002 or such other place as Lender may designate in writing, the amount of \$ _____ (the "Loan"), in addition to any amounts due the County as Excess Rental Proceeds as applicable. Borrower's obligations with respect to the Loan are set forth in that certain "Stone Pine Cove Loan Agreement, Restrictions and Security Agreement" between Borrower and Lender, dated on or about the date hereof (the "Agreement").

1. Definitions. The capitalized terms used but not defined in this Note shall have the same meanings as in the Agreement.
2. Purpose of Note. This Note evidence Borrower's obligations to repay the Loan provided pursuant to the Agreement.
3. Use of Loan Proceeds. Borrower understands and agrees that the Loan proceeds are to be used for the sole purpose of purchasing a manufactured home to be located at 830 Stone Pine Road, #SPACE NUMBER in San Mateo County, California (the "Unit"), pursuant to Lender's Stone Pine Cove Loan Program.
4. Security. This Note is secured by a Security Interest dated the same date as this Note as set forth in the Agreement. Borrower understands and agrees that Lender shall have full recourse against Borrower and their assets to the fullest extent permitted by law in order to satisfy Borrower's obligations to repay the Loan, and pursuant to and upon all the warranties, representations, covenants and agreements set forth in the Agreement and this Note.

(a) Borrower acknowledges that Lender is authorized to file any document that it determines is necessary in its sole discretion to legally create the security interest granted to Lender under this Agreement and to continue the security interest until the Maturity Date. Borrower understands that such document may include a Uniform Commercial Code-1 (UCC-1) Financing Statement filed with the California Secretary of State and a Statement of Lien and/or this Agreement filed with the County of San Mateo Clerk-Recorder's Office.

5. Interest. Simple interest on the unpaid principal balance will accrue daily, from the Effective Date, at an annual rate equal to zero percent (0%).

6. Term. The Note shall have the following term:

(a) The Loan shall commence on the Effective Date and terminate on the earliest of: (1) Lender's declaration of an Event of Default by the Borrower; or (2) Twenty (20) years from date of Unit purchase date, if still owned and continuously occupied by Borrower (the "Maturity Date").

7. Payments.

(a) No monthly payments or interest shall accrue during the 20-year term.

(b) Beginning in the 10th year of the loan, the principal shall be forgiven annually at 10 percent of the original principal and forgiven an additional 10 percent each additional year beyond the 10th year.

(c) Principal shall be forgiven on the Maturity Date, if Unit is still owned and has been continuously occupied by the Borrower as Borrower's principal residence for the term of the Loan.

(d) If Borrower's repayment obligation is triggered, Borrower acknowledges that Lender will service the loan through the County of San Mateo's Department of Housing, or another loan servicer determined at Lender's sole discretion, to serve as the loan administrator for the Loan. Borrower understands that if a loan administrator is used, there may be a monthly fee to cover the costs of processing the loan payment, and Borrower agrees to timely and fully pay such fee each month.

(e) Any amounts of principal or interest not paid/repaid at the time of an Event of Default (or upon the failure to cure an Event of Default, if applicable pursuant to the terms of this Agreement) shall be due and payable by the Borrower.

8. Default and Acceleration. Any of the following constitutes an event of default under this Note ("Event of Default"):

(a) Borrower's failure to duly perform, comply with, or observe any of the conditions, terms, or covenants of this Note, or the Agreement.

(b) The occurrence of any Event of Default under the Loan Agreement, subject to notice and cure periods, if any, set forth therein.

9. **Unit Sale or Transfer of Title:** Except as expressly authorized under the Agreement, in the event of a sale or transfer of the Unit or any interest therein by Borrower without prior written consent of Lender, the entire principal balance of this Note, any accumulated interest, and Excess Rents shall be immediately due and payable.

10. **NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE.** BORROWER ACKNOWLEDGES, UNDERSTANDS, AND AGREES LENDER AND ITS DESIGNATED AGENTS NEITHER UNDERTAKE NOR ASSUME ANY RESPONSIBILITY FOR OR DUTY TO BORROWER TO SELECT, REVIEW, INSPECT, SUPERVISE, PASS JUDGMENT ON, OR INFORM BORROWER OF THE QUALITY, ADEQUACY OR SUITABILITY OF THE UNIT OR

ANY OTHER MATTER. LENDER AND ITS DESIGNATED AGENTS OWES NO DUTY OF CARE TO PROTECT BORROWER AGAINST NEGLIGENT, FAULTY, INADEQUATE OR DEFECTIVE BUILDING OR CONSTRUCTION OR ANY CONDITION OF THE UNIT AND BORROWER AGREES THAT NEITHER BORROWER, OR BORROWER'S HEIRS, SUCCESSORS OR ASSIGNS SHALL EVER CLAIM, HAVE OR ASSERT ANY RIGHT OR ACTION AGAINST LENDER OR ITS AGENTS FOR ANY LOSS, DAMAGE OR OTHER MATTER ARISING OUT OF OR RESULTING FROM ANY CONDITION OF THE UNIT AND WILL HOLD LENDER AND ITS AGENTS HARMLESS FROM ANY LIABILITY, LOSS OR DAMAGE FOR THESE THINGS.

11. Indemnity. Borrower agrees to defend, indemnify, and hold Lender and its employees, agents, officers, and board members harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender and their designated agents may incur as a direct or indirect consequence of:

(a) Borrower's failure to perform any obligations as and when required by this Note and the Agreement; or

(b) The failure at any time of any of Borrower's representations or warranties to be true and correct.

12. No Waiver by Lender. Failure by Lender to pursue its legal and equitable remedies upon Borrower's default shall not constitute a waiver of Lender's right to declare a default and exercise all of its rights under this Note and the Agreement. Nor shall acceptance by Lender of any payment provided for herein constitute a waiver of Lender's right to require prompt payment of any remaining principal owed. A waiver of any term of the Note must be made in writing and shall be limited to the express written terms of such waiver.

13. Attorney's Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition to all Excess Rents, all costs and expenses of collection and reasonable attorney fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

14. Joint and Several Obligations. This Note is the joint and several obligations of all makers, sureties, guarantors, and endorsers, and shall be binding upon them and their successors and assigns.

15. No Offset. Borrower hereby waives any rights of offset it now has or may hereafter have against Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

16. Waiver. Borrower and any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, notice of dishonor and notice of non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any Security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or Agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees.

17. Notices. All notices required in this Note shall be sent by certified mail, return receipt requested, express delivery service with a delivery receipt, or personal delivery with a delivery receipt

and shall be deemed to be effective as of the date received, the date delivery was refused, or the date returned as undeliverable as indicated on the return receipt as follows:

To the Borrower:

«BORROWER_NAME»
«BORROWER_NAME_2»
830 Stone Pine Road, #SPACE NUMBER
Half Moon Bay, CA 94019

To the Lender:

County of San Mateo
Department of Housing
264 Harbor Blvd., Bldg. A
Belmont, CA 94002

The parties may change addresses by providing written Notice of the change in address to the other Parties in accordance with this Section.

18. Controlling Law. This Note shall be construed in accordance with and be governed by the laws of the State of California. The venue for any legal action pertaining to this Note shall be the San Mateo County Superior Court located in San Mateo County, California.

19. Assignment by Lender. Lender may assign its right to receive the proceeds under this Note to any person and upon notice to Borrower by Lender all payments shall be made to the assignee. The County may transfer or assign this Note to a government agency or nonprofit entity without obtaining approval of the Borrower.

20. Severability. Should any provision of this Note be held to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

BORROWER:

«BORROWER_NAME»

«BORROWER_NAME_2»

«BORROWER_NAME_3»