

PROMISSORY NOTE

\$112,000
June 7, 2007

Redlands, California

FOR VALUE RECEIVED, HABITAT FOR HUMANITY, SAN BERNARDINO AREA, INC., a California nonprofit corporation ("Borrower"), promises to pay to the **REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS,** a public body, corporate and politic (the "Agency"), or order, at the Agency's office at 35 Cajon Street, Suite 200, Redlands, California 92373-1505, or such other place as the Agency may designate in writing, One Hundred Twelve Thousand Dollars (\$112,000) (the "Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the "Note") is given in accordance with that certain Owner Participation Agreement executed by the Agency and Borrower, dated as of March 20, 2007 (the "Agreement"). This Note is made by Borrower for the repayment of the Agency Loan provided by Agency to the Borrower (as defined in the Agreement).

2. Borrower Assignment. Borrower shall assign this Note to the Very Low Income purchaser of the House in accordance with Section 402 of the Agreement. Subsequent Very Low Income purchasers of the House shall also assume this Note upon their purchase of the House. In no event shall Borrower assign or transfer any portion of this Note except to a transferee which is approved by the Agency or otherwise permitted pursuant to Section 603 of the Agreement.

3. Interest. The Note Amount shall not accrue interest.

4. Repayment of Note Amount. In the event that Borrower and its assignees remain in compliance with their obligations under the Agreement and the Resale Restriction and Option to Purchase Agreement ("RROPA") executed pursuant to the Agreement, the full Note Amount shall be payable in full on the fiftieth (50th) anniversary of the date of this Note. Notwithstanding the foregoing, the repayment of the full Note Amount may be earlier accelerated by notice from the Agency to the Borrower or its assignee upon the default of the Borrower or its assignee of any of its obligations under the Agreement and/or the RROPA, which default is not cured after notice thereof and an opportunity to cure as provided in the applicable document or documents.

5. Security. This Note is secured by a Deed of Trust dated concurrently herewith. The Deed of Trust shall be senior and superior to the construction financing approved by the Agency pursuant to Section 311 of the Agreement. This Note shall be senior to the mortgage loan obtained by the purchaser of the House in accordance with Section 402 of the Agreement.

6. Waivers

a. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at the Agency's sole discretion and that the Agency may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

b. No extension of time for payment of this Note made by agreement by the Agency with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

c. The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

d. Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

e. No previous waiver and no failure or delay by Agency in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

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

8. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns.

9. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Borrower and by the Agency.

10. Agency Assignment. Agency may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

12. Remedies. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Agency shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as such Agency may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of the Agency in exercising any right hereunder, or under the Agreement, shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof,

after the due date of such payment shall not be a waiver of Agency's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment.

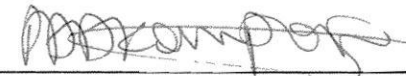
13. Consents. Borrower hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Borrower, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to Borrower or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

14. Successors and Assigns. All covenants, provisions and agreements by or on behalf of Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Agency and Agency's successors and assigns.

15. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California.

**HABITAT FOR HUMANITY, SAN
BERNARDINO AREA, INC.,** a California nonprofit
corporation

By: _____



Paula Akompong, Executive Director

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

San Bernardino

SS.

On

June 7, 2007

before me,

Janice McConnell, Notary Public

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

Paula Akompong

Name(s) of Signer(s)

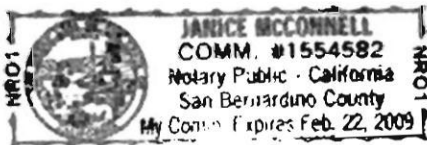
☐ personally known to me

☒ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Janice McConnell
Signature of Notary Public



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document:

Promissory Note

Document Date:

June 7, 2007

Number of Pages:

3

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer

Signer's Name:

Paula Akompong

☐ Individual

☐ Corporate Officer — Title(s):

☐ Partner — ☐ Limited ☐ General

☐ Attorney-in-Fact

☐ Trustee

☐ Guardian or Conservator

☒ Other:

Executive Director

Signer Is Representing:

Habitat for Humanity San Bernardino, Inc.

RIGHT THUMBPRINT OF SIGNER

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