

PROMISSORY NOTE SECURED BY DEED OF TRUST

1924 & 1930 Euclid Street
1753 18th Street
1754 19th Street
Santa Monica, California

\$11,475,000

DATE: NOVEMBER 17, 2011

FOR VALUE RECEIVED, the undersigned, FAME Santa Monica Senior Apartments, L.P., a California limited partnership ("Borrower"), promises to pay to the order of the CITY OF SANTA MONICA, a California municipal corporation, ("Lender"), the principal sum of ELEVEN MILLION FOUR HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$11,475,000), or so much thereof as is disbursed from the Lender's Redevelopment Housing Trust Fund ("RHTF") to or for the benefit of Borrower ("Principal"), with interest, if any, as set forth in this Promissory Note ("Note"). All sums are payable in lawful money of the United States of America. The principal amount of this Note shall bear interest at the rate of three percent (0%) simple interest per annum.

This Note is secured by, among other things, the Deed of Trust, Security Agreement and Fixture Filing with Assignment of Leases and Rents ("Deed of Trust") of the same date as this Note, executed by Borrower as Trustor, in favor of the Lender as Beneficiary, and encumbering the real property ("Property") described in the Deed of Trust. The holder of this Note shall be entitled to the benefits of the security provided by the Deed of Trust and shall have the right to enforce the covenants and agreements of Borrower contained in the Deed of Trust. Lender and Borrower are entering into a Regulatory Agreement ("Regulatory Agreement") executed concurrently herewith.

Borrower shall pay to the Lender the Principal amount of this Note, and accrued interest if any, as follows:

Payments of Principal and interest on this Note shall be made from "Residual Receipts," as that term is defined in the Regulatory Agreement, in an amount equal to one-half of Residual Receipts. Payments shall commence after the close of the first fiscal year of operation of the project ("Project") as set forth in the Regulatory Agreement and shall be made on an annual basis thereafter. Payments shall be applied first to accrued interest and then to outstanding Principal. The outstanding Principal, together with any accrued and unpaid interest, is due and payable in full fifty-five (55) years from the date the Project is issued a Certificate of Occupancy, but no later than December 31, 2067 ("Maturity Date").

Notwithstanding the above, if another public (government) lender provides permanent funding to the Property, then Borrower may divide up to one-half of the Residuals Receipts among the Lender and the other public lender in proportions equal to the amount of their permanent funding.

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If Borrower fails to make any required payment within ten (10) days following the date upon which it becomes due, other than final payment due at maturity, Borrower shall pay, at Lender's option, a late charge equal to one half of one percent (0.5%) of the amount of the unpaid payment, but not less than Ten Dollars (\$10.00) and not more than One Hundred Dollars (\$100.00). Lender shall not assess this late charge more than once on any late payment.

Unless the term of this Note has been extended by the Lender, from and after the Maturity Date, or any earlier date upon which all sums owing under this Note become due by acceleration or otherwise, all sums owing under this Note shall bear interest until paid in full at a rate equal to the greater of either: (i) ten percent (10%) per annum; or, (ii) the federal discount rate plus five percent (5%), where the federal discount rate is defined as the highest rate established by the Federal Reserve Bank of San Francisco on advances to member banks on the twenty-fifth day of the calendar month preceding the earlier of the date the Loan Agreement was executed or the date the Loan (as that term is defined in the Loan Agreement) was funded to Borrower ("Default Interest"). The applicable federal discount rate is 1.5%.

All payments on this Note shall be applied first to the payment of any costs, fees, late charges, or other charges incurred in connection with the indebtedness evidenced by this Note; next, to the payment of accrued interest, if any; then to the reduction of the principal balance; or in any other order that the Lender shall require.

If the Borrower fails to pay when due any sums payable under this Note after notice and opportunity to cure pursuant to the terms of the Deed of Trust, or if an Event of Default (as that term is defined in the Deed of Trust) occurs, or any other event or condition occurs that gives rise to a right of acceleration of sums owing under this Note under the terms of the Deed of Trust, the Loan Agreement or the Regulatory Agreement executed concurrently herewith, then the Lender, at its sole option, shall have the right to declare all sums owing under the Note immediately due and payable. An Event of Default under the Loan Agreement or under the Regulatory Agreement shall be an Event of Default under the Deed of Trust and this Note. In addition, if any document related to this Note provides for the automatic acceleration of payment of sums owing under this Note, all sums owing shall be automatically due in accordance with the terms of that document.

Borrower shall have the right to pay, without penalty or premium, at any time prior to the Maturity Date, all or any portion of the outstanding principal amount of this Note. The Lender shall apply all prepayments first to the payment of any costs, fees, late charges, or other charges incurred in connection with the indebtedness evidenced by this Note; next, to the payment of accrued interest, if any; then to the outstanding principal amounts of this Note in inverse order of maturity, or, at the option of the Lender, in the regular order of maturity; or in any other order that the Lender requires.

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Borrower shall pay to Lender all sums owing under this Note without deduction, offset, or counterclaim of any kind. The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make Lender the partner or joint venturer of Borrower.

If any party hereto brings an action or proceeding against any other party by reason of a default under this Note or otherwise arising out of this Note or any document related to this Note, the prevailing party in such action or proceeding shall be entitled to receive from the losing party all costs and expenses in such amount as the Court may adjudge to be reasonable attorney's fees and costs, together with interest at the Default Rate from the date of such order until paid in full. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys fees paid to third parties.

No previous waiver or failure or delay by the Lender in acting with respect to the terms of this Note, the Deed of Trust, or any other document related to this Note shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust, or any document related to this Note. A waiver of any term of this Note, the Deed of Trust, or other document related to this Note must be made in writing and will be limited to the express written terms of the waiver. If there are any inconsistencies between the terms of this Note and the terms of any other document related to this Note, the terms of this Note shall prevail. No waiver or failure or delay by the Lender in acting with respect to the terms of this Note, the Deed of Trust, or any document related to this Note shall permit any guarantor of this Note to claim that the Lender's actions or failure to act resulted in an exoneration of the guarantor. All of the Lender's remedies in connection with this Note or under applicable law shall be cumulative, and the Lender's exercise of any one or more of those remedies shall not constitute an election of remedies.

Notwithstanding anything to the contrary herein, this Note shall be payable by the Borrower without personal liability of the Borrower, and Note holder shall have no recourse for such payment with interest except against the Property against which this Note is secured. This provision shall not apply in the event of fraud, waste or intentional damage by the Borrower to the Property securing this Note.

All notices required to be given herein shall specify the address of the Property and shall be deemed served upon personal service or five (5) calendar days after deposit in certified first-class United States mail, postage prepaid, and addressed to the parties as follows:

If to Borrower:

FAME Santa Monica Senior Apartments, L.P.
1823 Michigan Avenue
Santa Monica, CA 90404
Attn: FSMRC Senior Apartments, LLC

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FAME Santa Monica Senior Apartments, L.P.
3129 6th Street
Santa Monica, CA 90405
Attn: Gary Squier

With copies to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, 70th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly
Tel: (213) 239-8088
Fax: (213) 559-0733
Email: lbocarsly@bocarslyemden.com

If to Lender:

City of Santa Monica
1901 Main Street, Suite B
Santa Monica, California 90405
Attn: City Manager

City of Santa Monica
1901 Main Street, Suite B
Santa Monica, California 90405
Attn: Housing Manager

With copies to:

City Attorney's Office
1685 Main Street, Room 310
Santa Monica, California 90401
Attn: City Attorney

or to such other address as the party may designate by notice to the other parties from time to time. All notices shall specify the address of the Property.

If more than one person or entity as Borrower executes this Note, the obligations of each person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable. Borrower waives presentment, demand, notice of dishonor, notice of default or delinquency, notice of acceleration, notice of protest and nonpayment, notice of costs, expenses or losses and interest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests to properties securing payment of this Note. Borrower's waiver shall be binding upon all makers, sureties, guarantors and endorsees and their successors and assigns. Time is of the essence with respect to every provision of this Note. This Note shall be

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construed and enforced in accordance with California law, except to the extent that Federal law preempts State law; and all persons and entities in any manner obligated under this Note consent to the jurisdiction of any Federal or State Court in California having proper venue and also consent to service of process by any means authorized by California or Federal law.

Amounts owing under this Note shall be payable at 1901 Main Street, Suite D, Santa Monica, California 90405, or such other place as the Lender may designate in writing from time to time.

The indebtedness evidenced by this Promissory Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a note (the "Senior Note") dated as of on or about November 17, 2011 in the original principal amount of \$8,700,000 issued by Borrower and payable to Wells Fargo Bank ("Senior Lender"), or order, to the extent and in the manner provided in that certain Subordination Agreement dated as of November 1, 2011 between the payee of this Promissory Note, and the Senior Lender and Borrower (the "Subordination Agreement"). The Deed of Trust securing this Promissory Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the deed of trust securing the Senior Note as more fully set forth in the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of this Promissory Note under the Deed of Trust securing this Promissory Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Promissory Note shall be deemed, by virtue of such holder's acquisition of this Promissory Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Subordinate Lender under the Subordination Agreement.

[signatures on next page]

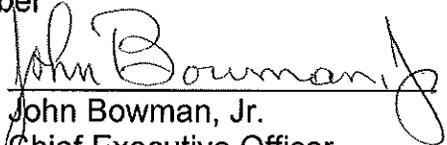
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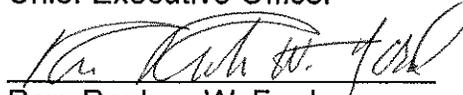
IN WITNESS WHEREOF, the undersigned has executed this Note.

FAME Santa Monica Senior Apartments, L.P.,
a California limited partnership

By: FSMRC Senior Apartments, LLC,
a California limited liability company,
its managing general partner

By: FAME Santa Monica Redevelopment Corporation,
a California nonprofit corporation,
its sole member

By: 
John Bowman, Jr.
Chief Executive Officer

By: 
Rev. Reuben W. Ford
Chairman of the Board

By: Squier ROEM SM, LLC,
a California limited liability company,
its administrative general partner

By: ROEM Development Corporation,
a California corporation,
its manager

By: 
Jonathan Emami
Vice President

Property Addresses: 1924 & 1930 Euclid Street, 1753 18th Street, and 1754 19th
Street, Santa Monica, CA 90404