

NOTE SECURED BY DEED OF TRUST

\$1,162,791

June 18, 2015

101 N. Franklin St., Fort Bragg, CA 95437

For value received the undersigned, MENDOCINO COAST HOSPITALITY CENTER (the "**Borrower**"), promises to pay the CITY OF FORT BRAGG at 416 N. Franklin St., Fort Bragg, California 95437, the sum of \$1,162,791. This Note is subject to and payable in accordance with the terms of that certain Loan Agreement between Borrower and the City of Fort Bragg, dated for reference purposes June 18, 2015 (the "Loan Agreement").

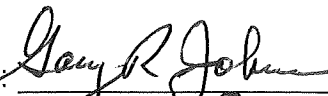

This Note is secured by a Deed of Trust of the same date as this Note, executed by Borrower, as trustor, in favor of the City of Fort Bragg, as beneficiary, and recorded with the Mendocino County Recorder as document number _____. The holder of this Note will be entitled to the benefits of the security provided by the Deed of Trust and will have the right to enforce the covenants and agreements of the Borrower contained in the Deed of Trust and/or the Loan Agreement.

All sums due and payable hereunder are payable solely in lawful money of the United States of America. This Note shall, at the option of the holder hereof, become fully due and payable, without notice or demand, upon any default by Borrower in the performance of any obligation arising out of or under the Loan Agreement. If any attorney is engaged by the holder of this Note to enforce or construe any provision of this Note, or the Deed of Trust, or the Loan Agreement, then Borrower will immediately pay to the holder, on demand, all attorneys' fees and other costs incurred by holder therein. All payments on this Note will be applied first to the payment of any costs, fees, or other charges incurred in connection with the enforcement of this Note; next, to the payment of costs, fees, or other charges, if any, arising under the Loan Agreement; then to the reduction of the principal balance.

Dated: June 18, 2015

"BORROWER"

Mendocino Coast Hospitality Center
a California nonprofit corporation

By: 
Anna Shaw  GARY R. JOHNSON
Executive Director
MCHC President