

PROMISSORY NOTE

\$2,100,000.00

Issuance Date: _____, 2017

FOR VALUE RECEIVED, Sonoma West Medical Center, a California nonprofit public benefit corporation (“*Borrower*”) promises to pay to the order of Durall Capital Holdings, LLC, a Florida limited liability company (“*Lender*”), the principal sum of Two Million One Hundred Thousand Dollars (\$2,100,000.00) (the “*Principal Amount*”), together with interest on the unpaid Principal Amount at the interest rate set forth in this Promissory Note (this “*Note*”) until all amounts due hereunder are fully repaid as set forth below.

1. TERMS AND CONDITIONS OF PAYMENTS.

(a) **Interest.** Commencing on Issuance Date, interest shall accrue on the Principal Amount at a rate equivalent to Prime Rate (as defined below) on the Issuance Date plus one-half percent (0.5%) per annum (the “*Interest Rate*”). On the first anniversary of the Issuance Date, the Interest Rate shall be adjusted to equal the Prime Rate in effect on the anniversary date plus one-half percent (0.5%) per annum (the “*Adjusted Interest Rate*”). The Adjusted Interest Rate shall be adjusted in the same manner on each anniversary of the Issuance Date, provided, however, that (i) the adjustment in any year shall not exceed two percent (2%) over the Adjusted Interest Rate in effect for the previous year, (ii) the aggregate adjustment during the entire term of this Note shall not exceed seven percent (7%). Interest on the Principal Amount shall continue to accrue at either the Initial Interest Rate or the Adjusted Interest Rate, as applicable, until, but not including, the date upon which Borrower pays the entire outstanding Principal Amount and interest accrued pursuant to this Note. In no event shall the interest rate payable under this Note exceed the maximum amount permitted by applicable law. For purposes of this Note, the “*Prime Rate*” shall mean the rate per annum equal to the prime rate of interest as reported in The Wall Street Journal (or an successor publication) on the Issuance Date.

(b) **Maturity.** Note partial payments for all unpaid principal and interest accruing thereon and owing hereunder shall be shall be initiated and become payable within fifteen (15) days following the end of a calendar month which Borrower has greater than two millions dollars (\$2,000,000) in Working Capital (the “*Maturity Date*”). For purposes of this Note, “*Working Capital*” shall mean an amount equal to (i) the aggregate amount of unrestricted cash and cash equivalents of the Borrower, (ii) *minus* the aggregate amount of accounts payable (including the amounts owed under this Note), *minus* (iii) the aggregate amount of accrued payroll.

(c) **Prepayment.** Borrower shall have no obligation to make any interim payment of principal or interest prior to the Maturity Date, however, Borrower may prepay any of the Principal Amount or interest thereon at any time without the prior written consent of Lender.

(d) **Form of Payment.** The Principal Amount and interest are payable only in lawful money of the United States.

2. DEFAULT.

(a) **Events of Default.** The occurrence of any one or more of the following events shall constitute an “*Event of Default*” hereunder:

(1) Borrower shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition for

bankruptcy, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting the material allegations of a petition filed against Borrower in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Borrower, or of all or any substantial part of the properties of Borrower, or Borrower or its respective directors or majority stock;

(2) Within thirty (30) days after the commencement of any proceeding against Borrower seeking any bankruptcy reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or within thirty (30) days after the appointment without the consent or acquiescence of Borrower of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower, such appointment shall not have been vacated; or

(3) Borrower shall fail to observe or perform any other obligation to be observed or performed by it under this Note.

(b) **Remedies.** Upon or at any time following an Event of Default, Lender may without notice immediately (1) declare the unpaid Principal Amount of and all interest accrued on this Note to be immediately due and payable and such amounts shall then be due and payable without further demand, presentment or notice of any kind (including, without limitation, notice of demand, notice of non-payment, notice of dishonor, and notice of protest), all of which are hereby waived by Borrower, and (2) exercise such other rights and remedies as may be available under applicable law. The rights, powers and remedies of Lender under this Note shall be in addition to all rights, powers and remedies given to Lender by virtue of any statute, rule of law, or other agreement, and shall be cumulative, and may be exercised successively or concurrently.

3. NO WAIVER BY ACCEPTANCE OF OVERDUE OR PARTIAL PAYMENTS. If Lender accepts payment of any overdue amount, or partial payment of an amount due and the remainder of such amount is unpaid, such acceptance shall in no event: (a) constitute a cure or waiver of Borrower's default with respect to such overdue or unpaid amount; (b) prevent Lender from exercising any of its rights and remedies with respect to Borrower's default; or (c) constitute a waiver of Lender's right to require full and timely payment of amounts becoming due thereafter or to exercise any of Lender's rights and remedies for any failure to so pay. No delay or omission on the part of Lender in exercising any right under this Note shall operate as a waiver of such right or of any other right of Lender, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion.

4. AMENDMENTS. No modification or waiver of any provision of this Note or consent to departure therefrom shall be effective unless in writing and approved by Borrower and Lender.

5. GOVERNING LAW. This Note shall be construed in accordance with the laws of the State of California, without regard to its conflicts of law provisions, and shall be deemed to be executed and delivered in California.

6. SEVERABILITY. In the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in any such event, such provision(s) only shall be deemed null and void and shall not affect any other provision of this Note and the remaining provisions of this Note shall remain operative and in full force and effect and in no way shall be affected, prejudiced, or disturbed thereby.

7. **ASSIGNABILITY.** Lender may assign this Note, and upon such an assignment, the assignee is to be entitled, upon notification to Borrower, to all of the rights and remedies of Lender under this Note. Borrower may not assign all or any part of Borrower's rights and obligations under the terms of this Note without the prior written consent of Lender. No assignment by Borrower that is approved by Lender and no assignment by Lender is to relieve the assignor of the assignor's obligations under the terms of this Note if the assignee fails to perform those obligations.

8. **BINDING EFFECT.** Except as provided in Section 7 above, this Note is to be binding upon and is to inure to the benefit and detriment of the parties hereto and their respective personal representatives, heirs, successors, and assigns.

9. **NOTICES.** Any notice required or permitted under this Note shall be given in writing and will be deemed effective upon personal delivery; upon confirmed transmission by facsimile or email; or three (3) days following deposit with the United States Post Office, by certified or registered mail, postage prepaid, addressed to the parties at such address set forth on the signature page hereto or at such other address as such party may specify by written notice given in accordance with this Section 9.

10. **COUNTERPARTS.** This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Note may also be executed and delivered by facsimile signature, PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000 (e.g., www.docusign.com).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the date first written above.

BORROWER:

Sonoma West Medical Center,
a California nonprofit public benefit corporation

By: _____

Name: _____

Its: Principal

Acknowledged and Agreed:

LENDER:

Durall Capital Holdings, LLC,
a Florida limited liability company

By: _____

Name: _____

Its: _____