

THIS PROMISSORY NOTE HAS BEEN ACQUIRED FOR INVESTMENT AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS, AND NEITHER THIS NOTE NOR THE OBLIGATIONS UNDERLYING THIS NOTE MAY BE SOLD, TRANSFERRED, CONVEYED, ASSIGNED, PLEDGED, ENCUMBERED, MORTGAGED, HYPOTHECATED, DONATED, DELIVERED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND SUCH STATE SECURITIES OR "BLUE SKY" LAWS AND ON DELIVERY TO THE COMPANY OF A WRITTEN OPINION OF COUNSEL ACCEPTABLE TO IT TO THAT EFFECT.

Note No. A-\_\_

**BLUE OCEAN PROPERTIES, LLC**

**SERIES A PROMISSORY NOTE**  
(Blue Ocean Credit Opportunity – Fund II)

\$\_\_\_\_\_, 201\_\_\_\_  
Baltimore, Maryland

FOR VALUE RECEIVED, the undersigned, BLUE OCEAN PROPERTIES, LLC (the "Borrower") promises to pay to the order of \_\_\_\_\_ (the "Lender") at such place as Lender may from time to time designate to Borrower in writing, the sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_.00), or so much of the foregoing as shall be outstanding from time to time (the "Loan"), together with interest on the unpaid principal balance outstanding from time to time at the rate or rates hereafter specified, and together with any and all other sums which may be owing to Lender by Borrower pursuant to this Note. Payments by Borrower of all sums due under this Note shall be in lawful money of the United States of America.

1. Interest. Interest shall accrue at the rate of ten percent (10.0%) per annum on the outstanding balance of the Loan. Interest shall be calculated on the basis of a year of three hundred sixty (360) days applied to the actual outstanding days and the actual amount of the Loan.

2. Maturity. The term of the Loan is four (4) years. Unless sooner paid, the entire amount of the Loan, together with all accrued and unpaid interest thereon and all other sums due under this Note that remain unpaid, shall be repaid on \_\_\_\_\_, 2023 (the "Note Maturity Date").

3. Payments.

(a) Interest Only. Commencing on \_\_\_\_\_, 2019, and continuing on the \_\_\_\_ day of each month thereafter, Borrower shall make payments of interest as calculated above.

(b) Principal and Interest. At any time prior to the Note Maturity Date, Lender shall have the right, by providing at least six (6) months' advance written notice to Borrower, to require that the Loan be repaid ("Early Repayment"). Together with the

payment of the Loan pursuant to an Early Repayment, Lender shall pay all accrued and unpaid interest thereon.

4. Late Payment Charge. Borrower shall pay a late payment charge of five percent (5.0%) of the amount then due if any interest payment due under this Note is not received by Lender within ten (10) days after its due date. The late payment charge shall be payable to Lender on demand. Such late charge shall be in addition to, and not in lieu of, any other right or remedy Lender may have, including the right to receive principal and interest and to reimbursement of costs and expenses.

5. Default Interest Rate. Following an Event of Default (hereinafter defined), Lender may, in Lender's sole discretion, raise the rate of interest accruing on the unpaid principal balance by five (5) percentage points per annum over the applicable rate prescribed in Section 1, above, independent of whether Lender elects to accelerate the unpaid principal balance as a result of such default. Such default interest rate shall commence on the date of receipt by Borrower of Lender's election to exercise its right to raise the rate of interest and shall continue, in Lender's sole discretion, until all defaults are cured.

6. Prepayment. This Note may be prepaid in whole or in part at any time at the option of Borrower without premium or penalty, provided, however, that each such payment shall be accompanied by payment of all accrued and unpaid interest thereon.

7. Series Notes. This Note is one of a series of notes (the "Series Notes") in the aggregate amount of up to Ten Million Dollars (\$10,000,000), made by Borrower, each of which has been simultaneously executed and delivered by Borrower on the date hereof. Other than with respect to Early Repayments all payments made to with respect to any of the Series Notes, including without limitation this Note, shall be made and accounted for on a *pari passu* basis with all other Series Notes.

8. Events of Default; Acceleration.

(a) Each of the following shall constitute an "Event of Default" under this Note: (i) a default by Borrower to make any payment of any sum under this Note within fourteen (14) days following notice of default from Lender; (ii) a failure by Borrower to timely comply with any other obligation set forth in this Note within fourteen (14) days following notice of default from Lender; (iii) the occurrence of an event of default under any other of the Series Notes.

(b) Upon the occurrence of an Event of Default, Lender, in Lender's sole discretion and without notice or demand, may declare the entire Loan, together with all accrued interest and all other sums due under this Note to be immediately due and payable and may exercise any and all rights and remedies available to Lender hereunder and under applicable law. Any failure by Lender to exercise this right of acceleration shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. Borrower shall pay to Lender reasonable attorney's fees and other related costs incurred by Lender in enforcing the terms of this Note.

9. Commercial Loan. Borrower acknowledges and warrants that this Note evidences an indebtedness which is being incurred by Borrower for the sole purpose of carrying on a business or commercial enterprise and/or that the Borrower is a business or commercial entity. All of the proceeds received by Borrower in connection with this Note shall be used for commercial purposes and Borrower stipulates that the Loan shall be construed for all purposes as a commercial loan and that it is made for other than personal, family or household purposes.

10. Evidence of Indebtedness. This Note is given and accepted as evidence of indebtedness only, and not in payment or satisfaction of any indebtedness or obligation. The books and records of Lender will be sufficient evidence of advances made and payments received hereunder, except in the case of manifest error.

11. Choice of Law; Consent to Venue and Jurisdiction. This Note shall be governed, construed and interpreted strictly in accordance with the laws of the State of Maryland. Borrower consents to the jurisdiction and venue the courts of Maryland and to the jurisdiction and venue of the United States District Court for the District of Maryland in any action or judicial proceeding brought to enforce, construe or interpret this Note. Borrower agrees to stipulate in any future proceeding that this Note is to be considered for all purposes to have been executed and delivered within the geographical boundaries of the State of Maryland, even if it was, in fact, executed and delivered elsewhere.

12. Guarantee. This Note is guaranteed, jointly and severally, by Jonathan Ehrenfeld and Shoshana Ehrenfeld pursuant to the Guaranty of Repayment set forth below.

13. Notices. All notices furnished by Lender to Borrower shall be in writing and shall be delivered in person with signed receipt or sent by United States certified mail, postage prepaid, return receipt requested, and addressed to Borrower as follows:

Blue Ocean Properties, LLC  
6615 Reisterstown Road, 3rd Floor  
Baltimore, Maryland 21215  
Attn: Jonathan Ehrenfeld  
Fax No.: (212) 944-8109  
Email: [jehrenfeld@blueocean.com](mailto:jehrenfeld@blueocean.com)

14. Miscellaneous. Neither this Note nor any term hereof may be terminated, amended, supplemented, waived, released or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver, release, or modification is sought. No amendment, modification, waiver, or release of this Note shall be established by conduct, custom, or course of dealing. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders. The headings used in this Note are for convenience only and are not to be interpreted as a part of this Note. This Note, together with other documents referenced herein, constitute the entire agreement between the parties with respect to their subject matter and supersede all prior letters, representations or agreements, oral or written, with respect thereto.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first above written intending this Note to constitute an instrument under seal.

WITNESS/ATTEST:

BLUE OCEAN PROPERTIES, LLC

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Jonathan Ehrenfeld, Manager

### **GUARANTEE OF REPAYMENT**

To induce the above-named Lender to extend to the above-named Borrower the credit evidenced by the above Series A Promissory Note (the "Loan") and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Jonathan Ehrenfeld and Shoshana Ehrenfeld (each a "Guarantor" and collectively, "Guarantors"), jointly and severally, hereby covenant and agree as follows:

1. Guaranty. Subject to the limitations set forth herein, Guarantors, jointly and severally, irrevocably guarantee ("Guaranty") to Lender that Borrower shall pay to Lender all obligations due under the Promissory Note in accordance with the terms of the Promissory Note and all renewals, extensions, refinancings, modifications, supplements or amendments of the indebtedness evidenced by the Promissory Note or any part thereof.

2. Guaranty Absolute. The obligations of Guarantors are absolute and Lender need not attempt to collect the Loan from the Borrower or to realize upon any collateral, but may require the undersigned to make immediate repayment of the Loan to Lender when due or at any time thereafter. All payments to Lender made hereunder shall be made in lawful money of the United States of America at the depository of Lender at such place as may be designated by Lender.

3. No Right of Subrogation. Guarantors hereby waive all rights to subrogation and nothing herein contained shall be construed to give Guarantors any right of subrogation in and to the Promissory Note or all or any part of Lender's interest therein.

4. Notices. Any notice, demand, request or other communication that Lender may desire to give to Guarantors with respect to this Guaranty, shall be deemed sufficient if in writing and sent (a) by United States mail, postage prepaid, to such party at the address set forth on the signature page attached hereto and shall be effective on the second business day after the date mailed, or (b) by nationally recognized overnight delivery service or by e-mail and shall be effective on the next business day after the date sent. Any notice, request, or demand made to Guarantors, in fact received, shall be sufficient notice, request, or demand.

5. Remedies Cumulative. All rights and remedies afforded to Lender under the Promissory Note or by law, are separate and cumulative and the exercise of one shall not in any way limit or prejudice the exercise of any other such rights or remedies. No delay or omission by Lender in exercising any such right or remedy shall operate as a waiver thereof. No waiver of any rights and remedies hereunder, and no modification or amendment hereof, shall be deemed made by Lender unless in writing and duly signed by Lender. Any such written waiver

shall apply only to the particular instance specified therein and shall not impair the further exercise of such right or remedy or of any other right or remedy of Lender and no single or partial exercise of any right or remedy hereunder shall preclude other or further exercise thereof or any other right or remedy.

6. Representations. Each Guarantor represents and warrants that each Guarantor has full power, authority and legal right to execute and deliver this Guaranty, and that this Guaranty is a binding legal obligation of each Guarantor. Each Guarantor represents and warrants that, at the time of the execution of delivery of this Guaranty, nothing exists to impair the effectiveness of the liability of each Guarantor to Lender hereunder, and neither execution nor delivery of this Guaranty nor compliance with the terms hereof will conflict with, or constitute a breach of or default under any agreement or instrument to which any Guarantor may be a party.

7. Severability. If any provision or part of any provision contained in this Guaranty shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision, or the remaining part of the affected provision of this Guaranty, but this Guaranty shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent it is invalid, illegal or unenforceable.

8. Successors and Assigns. This Guaranty shall inure to the benefit of, and be enforceable by, Lender, its successors and assigns, and shall be binding upon, and enforceable against, each Guarantor and such Guarantor's successors and assigns.

9. No Third-Party Beneficiary. This Guaranty shall not create any rights in any party either as a third party beneficiary, or in any other manner, it being understood and agreed that this Guaranty is intended for the sole benefit of Lender and its successors and assigns.

10. Governing Law. This Guaranty shall be construed under the laws of the State of Maryland. GUARANTOR HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING BROUGHT TO ENFORCE OR OTHERWISE RELATING TO THIS GUARANTY.

11. Number and Gender; Captions. Whenever the singular gender is used herein and when required by the context the same shall include the plural, and the masculine, feminine and neuter genders shall each include the others. Captions are included for the convenience of the parties and shall not be deemed to modify, explain, enlarge, or restrict any of the provisions hereof.

12. Termination of Guaranty. Notwithstanding any provision herein to the contrary, the obligations of Guarantors under the terms of this Guaranty shall terminate and be of no further force and effect upon the payment in full of all sums due under the Promissory Note.

IN WITNESS WHEREOF, each Guarantor has executed and sealed this Guaranty on the date first above written.

GUARANTORS:

\_\_\_\_\_(SEAL)  
Jonathan Ehrenfeld

\_\_\_\_\_(SEAL)  
Shoshana Ehrenfeld

6615 Reisterstown Road, 3rd Floor  
Baltimore, Maryland 21215  
[jehrenfeld@blueocean.com](mailto:jehrenfeld@blueocean.com)