

PROMISSORY NOTE

\$100,000.00

March 13, 2018

FOR VALUE RECEIVED, **LIFE HOTEL COMPANY LLC**, with an address c/o Mitchell Holdings, 801 Madison Avenue, New York, New York 10065 (the "**Borrower**") promises to pay to the order of **RUSSELL ROSENTHAL**, with an address at 1233 Beech Street, Unit 16, Atlantic Beach, New York 11509 ("**Lender**") in lawful money of the United States of America in immediately available funds at the address of Lender hereinabove set forth, or at such other locations as Lender may designate from time to time, the principal sum of **ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00)**, together with interest accruing on the outstanding principal balance from the date hereof, as provided below.

1. **Rate of Interest.** Amounts outstanding under this Note shall bear interest at a rate equal to **TWELVE PERCENT (12%)** per annum, cumulative, but not compounded, to the extent not paid in any year, and computed on the basis of a year of 365 or 366 days, as applicable and actual days elapsed.

2. **Payment Terms.**

(a) **Payments.** Borrower is the managing member of Life Hotel Pref LLC, a Delaware limited liability company ("**Life Pref**"), and Life Pref is the sole member of Life Hotel One LLC, a Delaware limited liability company (the "**Hotel Owner**"), which owns the Life Hotel, located at 19 West 31st Street, New York, New York (the "**Hotel**"). Amounts due Lender hereunder shall be paid by Borrower to Lender at such time as the Borrower receives a cash distribution from Life Pref (as distributed to Life Pref by Hotel Owner), from whatever source, (for the avoidance of doubt, such distributions shall be made after Hotel Owner's and Life Pref's payment of their respective then current expenses and obligations, including all debt service and other payments due any mortgagee of the Hotel and all preferred return and other payments due Preferred Member (hereinafter defined), but all payments to Lender shall be made by Borrower prior to Borrower's making any distributions or payments to any members or other creditors of Borrower), in all cases such payment to be made within five (5) business days after the date that the Borrower receives any such distribution, until all amounts due and payable under this Note have been paid in full.

(b) **Maturity Date.** The entire outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on March 13, 2019.

(c) **Application of Payments.** Any payments made by (or on behalf of) Borrower shall be applied by Lender in the following priority: first, to Collection Costs (hereinafter defined); second, to accrued but unpaid interest, and third, to reduction of principal.

3. **Interest Rate After Event of Default.** From and after the date that the entire unpaid principal sum hereunder and accrued interest plus all other sums due and payable hereunder become immediately due and payable by reason of an Event of Default ("**Acceleration**"), this Note shall bear interest at a rate per annum (based on a year of 365 or 366 days per year and actual days elapsed) equal to the lesser of (x) twenty percent (20%) per annum, or (y) the highest rate permissible by applicable law, in either case cumulative and compounded annually, in lieu of the rate prescribed by Section 1.

4. **Prepayment.** The indebtedness evidenced by this Note may be prepaid at any time,

in whole or in part without penalty.

5. Events of Default. Any one or more of the following, without limitation as to others, shall constitute an event of default under this Note (herein an “**Event of Default**”):

- (a) The failure of Borrower to pay any amount required to be paid under this Note within ten (10) business days after the date that the amount is due; or
- (b) Any assignment for the benefit of creditors made by the Borrower; or
- (c) Commencement of any proceeding under the Bankruptcy Code or any law of the United States or of any state relating to insolvency, receivership, custodianship or debt adjustment by the Borrower, or the commencement of any such proceeding against the Borrower which is consented to by the Borrower, as applicable, or otherwise remains undismissed for ninety (90) days, or if the Borrower is adjudicated bankrupt, admits in writing an inability to pay debts generally as they become due or becomes insolvent, or if a receiver, trustee, custodian or liquidator shall be appointed for any of them or any substantial part of the property of any of them; or
- (d) If custody or control of any substantial part of the property of the Borrower shall be assumed by any governmental agency or any court of competent jurisdiction at the instance of any governmental agency or be subject to any foreclosure proceeding; or
- (e) If Hotel Owner fails to make a payment in the amount of \$20,000 to 19 West 31st Street LLC (which owns and operates the restaurant at the Hotel) on or before April 15, 2018.

6. Remedies. Upon the occurrence of an Event of Default described in clause (a) or clause (e) of Section 5, the entire unpaid principal sum hereunder plus all other sums due and payable to Lender shall, at the option of Lender, exercised by written notice thereof to Borrower, become due and payable immediately. Upon the occurrence of any Event of Default described in any of clauses (b) through (d), inclusive, of Section 5, the entire unpaid principal sum hereunder plus all other sums due and payable to Lender shall automatically become due and payable immediately. Lender shall also have the right to exercise any and all other remedies available to Lender at law and/or in equity as a result of such Event of Default.

7. Collection Costs. Borrower shall be liable for any and all out-of-pocket costs (including reasonable attorneys’ fees and court costs) actually incurred by Lender in connection with Lender’s enforcement of, or collection of amounts owed by Borrower under, this Note (any and all such sums, “**Collection Costs**”)

8. Usury. If at any time the effective interest rate under this Note would, but for this paragraph, exceed the maximum lawful rate applicable to this loan, the effective interest rate under this Note shall be the maximum lawful rate, and any amount received by Lender in excess of such rate shall be applied to principal and then to fees and expenses, or, if no such amounts are owing, returned to Borrower.

9. **Payment Date.** If any payment of principal or interest on this Note shall become due on a Saturday, Sunday, or legal holiday under the laws of the State of New York, such payment shall be made on the next succeeding business day in such jurisdiction.

10. **Transfers; Successors and Assigns.** This Note may not be transferred, assigned, pledged, hypothecated or negotiated by Lender at any time without notice or consent of the Borrower; provided, however, that any transfer of all or any portion of Lender's right, title and interest in and to this Note to his estate upon death or to an heir or other legatee pursuant to such Lender's last will and testament or under the laws of descent and distribution shall be valid and respected. This Note shall be binding upon Borrower, its successors and permitted assigns, provided that in no event may Borrower assign this Note or Borrower's obligations hereunder without Lender's prior written consent.

11. **Waiver.** Except as otherwise expressly required herein, Borrower hereby waives presentment, demand for payment, notice of dishonor, protest, notice of protest and non-payment, notice of intention to accelerate, notice of acceleration and any and all other notices or demands whatsoever in connection with the delivery, acceptance, performance, default or enforcement of this Note. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note.

12. **Governing Law; Consent to Jurisdiction.** This Note shall be governed by and construed in accordance with the laws of the State of New York, United States of America, without regard to the conflict of law rules thereof other than Section 5-1401 of the General Obligations Law of the State of New York. Borrower and, by its acceptance hereof, Lender, hereby (a) irrevocably consent and agree that any legal or equitable action or proceeding arising under or in connection with this Note may be brought in any federal or state court in the County of New York, in the State of New York, (b) agree that any process in any action commenced in such court with respect to this Note may be served upon it or him either (i) personally, by certified or registered mail, return receipt requested, or by an overnight courier service which obtains evidence of delivery, with the same full force and effect as if personally served upon it or him in such county or (ii) any other method of service permitted by law, and (c) waive any claim that the jurisdiction of any such tribunal is not a convenient forum for any such action and any defense of lack of in personam jurisdiction with respect thereto.

13. **WAIVER OF THE RIGHT TO TRIAL BY JURY. BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, IN ANY MANNER CONNECTED WITH OR RELATED TO THIS NOTE OR ANY TRANSACTIONS HEREUNDER.**

14. **SUBORDINATION TO MORTGAGE LOANS AND PREFERRED EQUITY.** THIS NOTE, AND BORROWER'S OBLIGATIONS HEREUNDER, ARE SUBJECT AND SUBORDINATE FIRST TO ANY LOAN NOW EXISTING OR HEREAFTER MADE SECURED BY A MORTGAGE ON THE PROPERTY OWNED BY HOTEL OWNER AND/OR A PLEDGE OF THE MEMBERSHIP INTERESTS IN HOTEL OWNER, AND SECOND TO BORROWER'S AND LIFE PREF'S OBLIGATIONS UNDER THAT CERTAIN OPERATING AGREEMENT OF LIFE HOTEL PREF LLC, DATED AS OF NOVEMBER 3, 2017 (AS THE SAME MAY BE AMENDED, MODIFIED AND/OR AMENDED AND RESTATED FROM TIME TO TIME, THE "PREF OPERATING AGREEMENT") MADE BY AND BETWEEN THE

COMPANY AND LIFE HOTEL CRED LOAN LLC (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "PREFERRED MEMBER"), AND ALL RIGHTS AND REMEDIES OF LENDER HEREUNDER ARE AND SHALL CONTINUE TO BE SUBJECT AND SUBORDINATE FIRST TO ALL RIGHTS AND REMEDIES OF ANY SUCH MORTGAGE LENDER WITH RESPECT TO ANY SUCH MORTGAGE LOANS, IN EACH CASE UNTIL THE MORTGAGE LOANS (TOGETHER WITH ALL OF LIFE OWNER'S AND/OR LIFE PREF'S OBLIGATIONS THEREUNDER) HAVE BEEN INDEFEASIBLY REPAYED IN FULL, AND SECOND TO ALL RIGHTS AND REMEDIES OF PREFERRED MEMBER UNDER THE PREF OPERATING AGREEMENT, UNTIL ALL SUMS DUE PREFERRED MEMBER HAVE BEEN PAID IN FULL.

15. **Obligations Absolute.** Subject to Section 14, the obligations of Borrower hereunder shall be absolute and unconditional under any and all circumstances and irrespective of the occurrence of any default or Event of Default, or any condition precedent whatsoever, or any setoff, counterclaim or defense to payment which Borrower may have or have had against Lender or any of the other Lenders.

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IN WITNESS WHEREOF, and intending to be legally bound hereby, Borrower has executed this Note, as a document under seal, as of the date first written above.

BORROWER:

LIFE HOTEL COMPANY LLC, a Delaware limited liability company

By: Life Hotel Partners LLC, a New York limited liability company, its manager

A handwritten signature in black ink, appearing to be 'DM' or similar initials, written in a cursive style.

By: _____
David Mitchell, Managing Member