

PHFA PROMISSORY NOTE

Harrisburg, Pennsylvania

This Promissory Note supports additional funding to an existing residential rental housing project known as _____ (the "Project") the background of which is as follows:

On or around _____, (the "Original Closing Date") _____ ("Borrower") and the Pennsylvania Housing Finance Agency ("Lender") entered into various documents evidencing a mortgage loan provided by Lender to Borrower to finance the Project, including, among other things, a Note, a Mortgage and Security Agreement, and PHFA Regulatory Agreement, all dated as of the Original Closing Date and in the aggregate original principal amount of _____ Dollars (\$ _____) (collectively, hereinbefore and hereinafter, the "Original Loan Documents.") (Certain of the Original Loan Documents may have been amended since the Original Closing Date, and the terms and conditions set forth in any intervening supplemental financing documents provided to the Borrower are incorporated in the definition of Original Loan Documents by this reference.)

Lender has agreed to provide and Borrower has agreed to accept certain additional funding to support the Project and this Promissory Note describes the terms and conditions relating to the additional funding.

FOR VALUE RECEIVED, the undersigned, Borrower promises to pay to Lender such aggregate principal sum of _____ (\$ _____) ("Promissory Loan"), as has been disbursed by Lender to Borrower payable as follows:

- (a) Commencing on the date hereof, payment of principal shall be made from any surplus of revenues over expenses ("Excess Revenue") generated by the ("Project") during any calendar year as provided for in the PHFA Regulatory Agreement.
- (b) No interest shall accrue on the principal amount of the Promissory Loan.
- (c) Within ninety (90) days following the end of the Project's fiscal year, Borrower will submit audited financial statements for the preceding year. Upon review and approval by Lender, Lender will within its reasonable discretion determine the amount of the Excess Revenue, if any, available for payment of the PHFA Promissory Loan. Lender will notify Borrower of the amount due and payable on the Promissory Loan for the previous fiscal year.
- (d) So long as there is no Event of Default, Lender may allow the Borrower to apply Excess Revenue to amounts due as current and accrued unpaid return on equity distributions prior to applying Excess Revenue to any balance due hereunder.
- (e) NOTWITHSTANDING THE ABOVE, ANY BALANCE OF PRINCIPAL REMAINING UNPAID SHALL BE IMMEDIATELY DUE AND PAYABLE UPON AN EVENT OF DEFAULT UNDER THE PHFA ORIGINAL LOAN DOCUMENTS, UPON SALE OF THE PROJECT, UPON REFINANCING OF THE PROJECT OR TERMINATION OF THE PROJECT.

DISBURSEMENT OF THE PROCEEDS OF THE PROMISSORY LOAN. Lender shall place \$ _____ into the Reserve for Replacement Fund which shall be available for disbursement for payment of costs associated with the weatherization improvements itemized in the attached Exhibit A.

Proceeds of this Promissory Note shall be used to fund the Project costs associated with repair, construction work, capital improvements and rehabilitation work being undertaken at the Project as such work is defined and approved by the Lender based on disbursement requests submitted by the Borrower.

AMENDMENT OF PROMISSORY NOTE. Any of the terms of this Promissory Note, including the terms regarding repayment, may be extended or amended in writing by the mutual consent of Borrower and Lender at any time, for any reason.

REPAYMENT. Any amounts due herein shall be remitted to Lender in accordance with Lender's written instructions within thirty (30) days of the date on which demand of payment is made upon Borrower. All payments due to Lender shall be payable at the office of Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania 17101, or such other place as Lender may designate in writing.

ASSUMPTION AND PREPAYMENT. This Promissory Note may be assumable, subject to Lender's prior written consent, in the event of an approved sale or transfer of the property secured hereunder. This Promissory Note may be prepaid, in whole or in part, at any time.

LIABILITY FOR DEBT. Borrower agrees that its obligations hereunder shall be and remain in full force and effect, and in no way impaired until it makes full and actual payment of the principal sum and fees due or to become due under this Promissory Note to Lender unless the terms of this Promissory Note are modified in writing by mutual agreement of the Borrower and Lender. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR ELSEWHERE, NEITHER BORROWER NOR ANY GENERAL PARTNER NOR LIMITED PARTNER OF BORROWER SHALL HAVE ANY PERSONAL LIABILITY FOR THE PAYMENT OF PRINCIPAL DUE AND PAYABLE HEREUNDER.** Lender shall look solely to the Project for satisfaction of an outstanding indebtedness thereon. Except for the foregoing limitation as to liability of Borrower for the payment of the indebtedness secured hereby, Borrower acknowledges and agrees to be bound by all the covenants contained or incorporated herein.

WAIVER. Lender shall not be deemed, by any act or omission, to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by Lender, and then only to the extent specifically set forth in the writing. A written waiver regarding one event shall not be construed as continuing or as a bar to or waiver of any rights or remedies regarding a subsequent event.

EVENT OF DEFAULT. The unpaid principal of this Promissory Note shall become immediately due and payable upon the occurrence of:

- (a) default on any of the terms, provisions, conditions or covenants as set forth in any of the Original Loan Documents; or
- (b) Borrower's failure to perform or observe any term, covenant, condition or obligation contained in this Agreement; or
- (c) Borrower's failure to maintain the Project as affordable rental housing for the Affordability Term in accordance with PTSR Program Restrictive Covenant Agreement; or
- (d) the commencement by Borrower of a voluntary case under any Chapter of the Bankruptcy Code (Title 11 of the United States Code) as now or hereafter in effect; or

- (e) the filing of a petition seeking any such equivalent or similar relief against Borrower under any chapter of the Bankruptcy Code (Title 11 of the United States Code) as now or hereafter in effect; or
- (f) the taking by Borrower of any equivalent or similar action by filing a petition or otherwise under any other federal or state law in effect at the time relating to bankruptcy or insolvency; or
- (g) the filing of a petition seeking any such equivalent or similar relief against Borrower under any other federal or state law in effect at the time relating to bankruptcy or insolvency; or
- (h) the making by Borrower of a general assignment for the benefit of any of its creditors; or
- (i) the appointment of any receiver, trustee, custodian or similar officer for Borrower or for the property of Borrower and the failure by Borrower to secure the discharge of such involuntary petition, receiver, trustee, custodian or similar officer within sixty (60) consecutive days from the date of such appointment or of the filing of such involuntary petition.

CONSTRUAL OF REMEDIES. All covenants, conditions and remedies of this Promissory Note shall be construed as affording to Lender rights and remedies additional to, and not exclusive of, any and all other rights and remedies conferred by law or equity.

CONFESSION OF JUDGMENT. Borrower hereby irrevocably authorizes and empowers Lender, by any authorized officer, employee or agent, or by its attorney, or by the prothonotary or clerk of any court of record in the Commonwealth of Pennsylvania or elsewhere where permitted by law, upon Event of Default hereunder, to appear for and confess judgment against Borrower in favor of the Lender in any jurisdiction in which Borrower, or any of its property is located for the amount of any or all of the remaining outstanding principal, together with the costs of suit and with actual collection costs, including reasonable attorneys' fees, with or without declaration, with release of all procedural errors, without stay of execution and the right to issue execution forthwith, and for doing so this Note or a copy verified by affidavit shall be sufficient warrant. Borrower hereby waives and releases all relief from any and all appraisal, stay or exemption law of any state now in force or hereinafter enacted.

Borrower acknowledges that by agreeing that the Lender may confess judgment hereunder, it waives the right to notice in a prior judicial proceeding to determine its rights and liabilities, and it further acknowledges that the Lender may obtain a judgment against Borrower without its prior knowledge or consent, unless required by law, and without the opportunity to raise any defense, set off, counterclaim or other claim Borrower may have, and Borrower expressly waives such rights as an explicit and material part of the consideration for the Lender's agreement to finance the property. The foregoing power to confess judgment may be exercised against Borrower at one time or at different times as the Lender elects until the principal and any accrued fees and costs associated with a collection action are fully discharged.

SUCCESSORS AND ASSIGNS. Unless the context indicates otherwise, the word "Lender" herein shall be deemed and construed to include successors and assigns of Lender, and the word "Borrower" herein shall be deemed and construed to include the respective heirs, executors, administrators, successors and assigns of "Borrower"; and in the event there is more than one party named herein as a Borrower, the word "Borrower" whenever occurring herein shall be deemed and taken to be plural, and all the covenants, waivers, warrants, promises and releases by, and obligations or liabilities imposed upon "Borrower" shall bind them jointly and severally and its, his, her and their, and each of their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, Borrower has caused these presents to be executed on this
_____ day of _____, 20__.

WITNESS _____

_____ By: _____

Name: _____

Title: _____

Exhibit A - Scope of Work