Freddie Mac Loan Number:

Property Name:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Amended and Restated Project Note – Fixed Rate – TEL (Forward)**(Revised 3-26-2024)

|  |  |
| --- | --- |
| **Borrower**: |  |
| **Fiscal Agent**: |  |
| **Effective Date**: | [CONVERSION DATE] |

 |  |

FOR VALUE RECEIVED, Borrower (jointly and severally if more than one), promises to pay to the order of Fiscal Agent (and its assigns) the Project Loan Amount shown below, plus Prepayment Premium, if any, and interest thereon, and to pay the other amounts owing from time to time hereunder, according to the terms provided in this Amended and Restated Project Note (“**Project Note**”). This Project Note amends and restates in its entirety that certain [ORIGINAL PROJECT NOTE], dated [DATE] (the “**Original Project Note**”), executed by Borrower in favor of [GOVERNMENTAL LENDER] (“**Governmental Lender**”) in the original principal amount of $[AMOUNT], which Original Project Note was endorsed to Fiscal Agent to secure the obligations of Governmental Lender with respect to the Funding Loan (as defined herein).

This Project Note is being delivered pursuant to that certain Project Loan Agreement, dated as of [DATE], among Governmental Lender, Fiscal Agent and Borrower (together with any and all amendments, modifications, supplements and restatements, the “**Project Loan Agreement**”) pursuant to which Governmental Lender made the Project Loan in the original principal amount of $[AMOUNT] (of which the Project Loan Amount remains outstanding as of the Effective Date) to Borrower, and this Project Note is entitled to the benefits of the Project Loan Agreement and is subject to the terms, conditions and provisions thereof. The Project Loan was funded from proceeds of a separate loan (the “**Funding Loan**”) incurred by Governmental Lender pursuant to the Funding Loan Agreement, dated as of [DATE], among [CONSTRUCTION LENDER], as Initial Funding Lender, Governmental Lender, and Fiscal Agent. The Funding Loan has been purchased by [SELLER/SERVICER] (“**Funding Lender**”) as of the date hereof and, as of the Effective Date, the Initial Funding Lender has assigned to Funding Lender all of its rights to and interests in the Financing Documents (as defined in the Funding Loan Agreement).

Capitalized terms used but not defined in this Project Note, including those set forth in the paragraphs above and the tables in Section 1 of this Project Note, will have the meanings given to such terms in the Project Loan Agreement, the Funding Loan Agreement or the Continuing Covenant Agreement by and between Borrower and Funding Lender, effective as of the Effective Date (as amended, modified, or supplemented from time to time, the “**Continuing Covenant Agreement**”).

**1. Key Note Terms**

|  |  |
| --- | --- |
| “**Project Loan Amount**”:US $\_\_\_\_\_\_\_\_\_\_\_\_ | “**First Project Loan Payment Date**” **1**:\_\_\_\_\_\_\_ 1, 20\_\_ |
| “**Interest-Only Period**”: *(choose one)* |
|[ ]  The period from the Effective Date until the Amortization Commencement Date“**Amortization Commencement Date**” **2**: \_\_\_\_\_\_\_ 1, 20\_\_ |
|[ ]  The period from the Effective Date until the Scheduled Maturity Date |
|[ ]  Not applicable |
| “**Amortization Period**” **3**: \_\_\_ months |
| **1***Insert the first day of the first calendar month following the Effective Date.* **2***For partial term interest-only Project Loans, insert the date that is the number of months of interest-only payments (12, 24 or 36 months) after the First Project Loan Payment Date.***3***If the Project Loan is interest-only for the entire term, insert “0”.*  |
| “**Scheduled Maturity Date**”: \_\_\_\_\_\_\_\_\_\_ 1, 20\_\_ |

|  |  |
| --- | --- |
| “**Interest Calculation Method**”: | “**Interest Rate**” means the annual interest rate of\_\_\_% |
|[ ]  30/360 |  |
|[ ]  Actual/360 |  |

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| “**Base Recourse**” *(select one)* |
|[ ]  A portion of the Indebtedness equal to 0% of the Project Loan Amount |
|[ ]  A portion of the Indebtedness equal to \_\_% of the Project Loan Amount |
| *(See Section 14)* |

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| **Prepayment** |
| “**Lockout Period**” *(select one)*  |
|[ ]  The period from and including the Effective Date until but not including that date which is 120 calendar months following the Effective Date *(Standard Lockout)* |
|[ ]  The period from and including the Effective Date until but not including \_\_\_\_\_\_\_\_\_\_\_\_\_ 1, 20\_\_ *(Non-standard Lockout)* |
|[ ]  Not applicable |
| “**Yield Maintenance Period**” *(select one)* |
| [ ]  | The period from and including the Effective Date until but not including that date which is 6 calendar months prior to the Scheduled Maturity Date *(Standard Yield Maintenance)* |
| [ ]  | The period from and including the Effective Date until but not including \_\_\_\_\_\_\_\_\_\_\_\_\_ 1, 20\_\_ *(Non-standard Yield Maintenance)* |
|[ ]  Not applicable |
| “**Window Period**” *(select one)* |
| [ ]  | 3 consecutive calendar month period prior to the Scheduled Maturity Date *(Standard Window Period)* |
|[ ]  \_\_ consecutive calendar month period prior to the Scheduled Maturity Date *(Non-standard Window Period)* |
| “**Prepayment Premium Period**” means the period from and including the Effective Date until but not including the first day of the Window Period.  |
| *(See Section 4 and Schedule 3)* |

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| **Modifications, Riders, and Schedules** |
|[ ]  Project Note modifications are included in Exhibit A |
|[ ]  The following Rider(s) are attached to this Project Note:*[if checked, list name of Rider and revision date]* |
| X | **The following Schedules are attached to this Project Note:**Schedule 1 – State-Specific Provisions by Property Jurisdiction |
|  |  | **Property Jurisdiction**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *(list state in which Mortgaged Property is located)* |
| X | Schedule 2 – Project Loan Amortization Schedule |
| X | Schedule 3 – Prepayment Premium |

**2. Interest.**

 (a) **Interest Rate.** Interest will accrue on the outstanding principal balance of this Project Note at the Interest Rate, subject to the provisions of Section 5(c) of this Project Note related to the Default Rate. Except as set forth in Section 2(c) and Section 4, accrued interest will be payable in arrears.

 (b) **Interest Calculation.** Interest under this Project Note will be computed, payable and allocated using the Interest Calculation Method specified in Section 1.

(A) If the Interest Calculation Method specified in Section 1 is 30/360, interest under this Project Note will be computed, payable and allocated on the basis of a 360-day year consisting of twelve 30-day months.

(B) If the Interest Calculation Method specified in Section 1 is Actual/360, interest under this Project Note will be computed, payable and allocated on the basis of an actual/360 interest calculation schedule (interest is payable for the actual number of days in each month, and each month’s interest is calculated by multiplying the unpaid principal amount of this Project Note as of the first day of the month for which interest is being calculated by the Interest Rate, dividing the product by 360, and multiplying the quotient by the number of days in the month for which interest is being calculated). The amount of the monthly installment of principal and interest under this Project Note attributable to principal and the amount attributable to interest will vary based upon the number of days in the month for which such installment is paid.

1. If Holder receives any regularly scheduled monthly payment before its Project Loan Payment Date, Holder will be deemed to have received the payment on its Project Loan Payment Date for the purpose of calculating interest due.

(iii) Any accrued interest remaining past due for 30 days or more, at Loan Servicer's discretion, may be added to and become part of the unpaid principal balance of this Project Note and any reference to “accrued interest” will refer to accrued interest that has not yet become part of the unpaid principal balance. Any amount added to principal pursuant to the Financing Documents will bear interest at the applicable rate or rates specified in this Project Note and will be payable with such interest upon demand by Loan Servicer and, absent such demand, as provided in this Project Note for the payment of principal and interest.

(c) **Interest Due for Partial Month.** Unless the Effective Date is the first day of a calendar month, Borrower must pay interest simultaneously with the execution of this Project Note for the period beginning on the Effective Date through and including the last day of the calendar month. If the Effective Date is the first day of a calendar month, then no payment will be due from Borrower at the time of the execution of this Project Note and the Project Loan Payment Date for the first monthly payment under Section 3 of interest-only or principal and interest, as applicable, will be the First Project Loan Payment Date set forth in Section 1 of this Project Note.

**3. Payments.**

(a) **Payment of Interest.** Borrower must pay on the first calendar day of each month commencing on the First Project Loan Payment Date (each such date for payment a “**Project Loan Payment Date**”), interest at the Interest Rate on the outstanding principal balance of this Project Note, and must also pay interest on this Project Note at the Interest Rate in the event of an optional or mandatory prepayment or acceleration of all or a part of the Project Loan pursuant to this Project Note or the Project Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Project Note subject to prepayment.

(b) **Payment of Principal.** Borrower must pay the outstanding principal of this Project Note in full on the Scheduled Maturity Date and in monthly installments on each date set forth in the Project Loan Amortization Schedule attached as Schedule 2 (the “**Project Loan Amortization Schedule**") in an amount equal to the corresponding amounts set forth therein, or at such earlier times and in such amounts as may be required in the event of an optional or mandatory prepayment or acceleration of the Project Loan pursuant to this Project Note or the Project Loan Agreement.

(c) **Application of Payments.** Each payment will be applied as of its scheduled date, and, if the payment consists of both principal and interest, it will be applied first to accrued interest and then to outstanding principal. If, on the Scheduled Maturity Date, Borrower still owes amounts under this Project Note or any other Financing Document, Borrower must pay those amounts and any other Indebtedness in full on the Scheduled Maturity Date.

 (d) **Timing of Payments.** To ensure timely payment, Loan Servicer will collect from Borrower, and Borrower must provide to Loan Servicer, the foregoing payments two (2) Business Days prior to the respective Project Loan Payment Date (except as otherwise stated in Section 2(c) of this Project Note).

 (e) **Manner and Place of Payment.** All payments due under this Project Note must be made in immediately available U.S. funds and will be payable at the principal office designated by Loan Servicer or such other place as may be designated by Notice to Borrower from or on behalf of Loan Servicer. Notwithstanding the foregoing, if there is no Loan Servicer or if the Borrower is so directed in writing by the Funding Lender Representative, all payments due under this Project Note must be made directly to Fiscal Agent as provided in the Project Loan Agreement.

(f) **Payment of Fees and Expenses.** Borrower must also pay fees and expenses under Section 4.02 of the Project Loan Agreement, rebate amounts under Sections 2.04 and 4.03 of the Project Loan Agreement and indemnification amounts under Section 6.01 of the Project Loan Agreement and Section 10.02 of the Continuing Covenant Agreement, as well as any other amounts owed by the Borrower under the Financing Documents, when due and in accordance with the terms and provisions set forth therein.

 (g) **Deficiencies.** In the event of any deficiency in the funds available under the Funding Loan Agreement for payment of the principal of, Prepayment Premium, if any, or interest on the Funding Loan when due, Borrower must immediately pay the amount of the deficiency to Fiscal Agent upon notice of the deficiency from Governmental Lender, Loan Servicer or Fiscal Agent. Borrower must be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by Borrower under this Project Note, any loss due to a default under any investment held by Fiscal Agent, a change in value of any such investment or otherwise.

**4. Prepayment.**

(a) **Prepayment Generally**. If Holder receives any principal payment before the Scheduled Maturity Date other than the monthly installments of principal required to be paid in accordance with the Project Loan Amortization Schedule, it will be considered a prepayment of principal under this Project Note (“**Prepayment**”). Without limiting the foregoing, any application by Holder, prior to the Scheduled Maturity Date, of any proceeds of collateral or other security to the repayment of any portion of the unpaid principal balance of this Project Note constitutes a Prepayment. Borrower may not make a full or partial Prepayment unless expressly permitted or required by the Financing Documents. Unless (i) otherwise expressly provided in the Financing Documents, or (ii) Holder agrees otherwise in writing, if Holder accepts and applies any partial Prepayment, Holder will not change the Project Loan Payment Dates, nor will it change the amount of any required monthly payments.

(b) **Mandatory Prepayments**. This Project Note, together with accrued interest hereon, and together with Prepayment Premium (to the extent provided in Section 4(d) below), is subject to mandatory Prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) the application of any Insurance proceeds or Condemnation award to the Prepayment of the Project Loan as required under the Financing Documents; or

(ii) in whole, upon the occurrence of a Determination of Taxability; or

(iii) Reserved.

(iv) Reserved.

(v) Reserved.

(c) **Voluntary Prepayments**.

(i) Borrower may not voluntarily prepay any portion of the principal balance of this Project Note during the Lockout Period.

(ii) After the expiration of the Lockout Period, Borrower may voluntarily prepay all of the unpaid principal balance of this Project Note on any Project Loan Payment Date so long as Borrower designates the date for such Prepayment in a written notice which Borrower gives to Holder at least 30 days prior to the date of such Prepayment. If a Project Loan Payment Date falls on a day which is not a Business Day, then with respect to payments made under this Section 4 only, (A) the term “Project Loan Payment Date” will mean the Business Day immediately preceding the Project Loan Payment Date and (B) the calculation of any required Prepayment Premium will be made as if the Prepayment had actually been made on the Project Loan Payment Date.

(iii) Notwithstanding Section 4(c)(ii) above, after the expiration of the Lockout Period, Borrower may voluntarily prepay all of the unpaid principal balance of this Project Note on a Business Day other than a Project Loan Payment Date if Borrower provides Holder with written notice at least 30 days prior to the date of such Prepayment (A) designating the date of such Prepayment, (B) acknowledging that Holder has agreed that Borrower may prepay principal on a Business Day other than a Project Loan Payment Date only because Holder will deem any Prepayment received by Holder on any day other than a Project Loan Payment Date to have been received on the Project Loan Payment Date immediately following such Prepayment, and (C) acknowledging that Borrower will be responsible for all interest and any required Prepayment Premium that would have been due if the Prepayment had actually been made on the Project Loan Payment Date immediately following such Prepayment.

(iv) Unless otherwise expressly provided in the Financing Documents, Borrower may not voluntarily prepay less than all of the unpaid principal balance of this Project Note. In order to voluntarily prepay all of the principal of this Project Note, Borrower must also pay to Holder, together with the amount of principal being prepaid, (i) all accrued and unpaid interest due under this Project Note, (ii) all other fees and amounts due under the Financing Documents at the time of such Prepayment, plus (iii) any Prepayment Premium calculated pursuant to Section 4(d).

 (d) **Prepayment Premium**.

(i) Except as provided in Section 4(d)(ii), in connection with any Prepayment, whether voluntary or mandatory or resulting from a default by Borrower, Borrower must pay the required prepayment premium described on Schedule 3 (“**Prepayment Premium**”).

(ii) Notwithstanding Section 4(d)(i), no Prepayment Premium will be payable with respect to any of the following:

(A) Any Prepayment made during the Window Period; provided, that if the first day of the Window Period falls on a day that is not a Business Day, then the “Window Period” will begin on the Business Day immediately preceding the scheduled first day of the Window Period.

(B) Any mandatory Prepayment occurring as a result of the application of any Insurance proceeds pursuant to the Continuing Covenant Agreement.

(C) Any Prepayment occurring as a result of the application of any Condemnation award, or otherwise required under the terms of the Financing Documents in connection with a Condemnation, unless (1) the Condemnation is intended to result in the continued use of the Mortgaged Property subject to the Condemnation for residential purposes, or (2) applicable law expressly requires or permits that the condemning authority or acquiring entity reimburse prepayment charges incurred in connection with a Prepayment occurring as a result of a Condemnation; in either of the situations described in (1) or (2) above, a Prepayment Premium will be due to the extent permitted by applicable law.

(D) Reserved.

(E) Reserved.

(iii) **Prepayment Premium Not a Penalty**. Borrower recognizes that any Prepayment, whether voluntary or mandatory or resulting from a default by Borrower, will result in Holder incurring loss, including reinvestment loss, additional expense and frustration or impairment of Holder’s ability to meet its commitments to third parties. Borrower agrees to pay to Holder upon demand damages for the detriment caused by any Prepayment and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower agrees that the formulas for calculating the Prepayment Premium in Schedule 3 represent a reasonable estimate of the damages that Holder will incur because of a Prepayment. Borrower further acknowledges that the Lockout Period, if applicable, and Prepayment Premium set forth in Schedule 3 are material parts of the consideration for the Project Loan, and that the terms of the Financing Documents are in other respects more favorable to Borrower as a result of Borrower’s voluntary agreement to the Lockout Period, if applicable, and Prepayment Premium.

**5. Borrower’s Failure to Pay as Required; Events of Default.**

(a) **Application of Partial Payments**.If at any time Holder receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Holder may apply the amount received to amounts then due and payable in any manner and in any order determined by Holder, in Holder’s discretion. Borrower agrees that neither Holder’s acceptance of a payment from Borrower in an amount that is less than all amounts then due and payable nor Holder’s application of such payment will constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

(b) **Reserved**.

(c) **Interest Rate after Default.** If Holder has not received the full amount of any monthly payment by the Project Loan Payment Date or any other Event of Default has occurred and is continuing, then the interest under this Project Note will accrue on the unpaid principal balance at a rate equal to the Interest Rate plus 4% (“**Default Rate**”) beginning on that Project Loan Payment Date or the date such other Event of Default commences; provided, that in no event will the Default Rate exceed the Maximum Interest Rate specified in Section 9. If Borrower has not paid the entire principal balance of this Project Note by the Scheduled Maturity Date, the unpaid principal balance and all accrued interest will bear interest from the Scheduled Maturity Date at the lesser of the Default Rate or the Maximum Interest Rate until and including the date on which the entire outstanding balance of this Project Note is paid in full.

(d) **Event of** **Default.** An Event of Default under the Project Loan Agreement will constitute an Event of Default under this Project Note.

(e) **Holder’s Damages.** Borrower acknowledges that (i) its failure to make timely payments will cause Holder to incur additional expenses in servicing and processing the Project Loan, (ii) during the time that any monthly installment under this Project Note is delinquent, Holder will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Holder’s ability to meet its other obligations and to take advantage of other investment opportunities, and (iii) it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Project Note is delinquent or any other Event of Default has occurred and is continuing, Holder’s risk of nonpayment of this Project Note will be materially increased and Holder is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Project Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the Effective Date, of the additional costs and expenses Holder will incur by reason of the Borrower’s delinquent payment and the additional compensation Holder is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

(f) **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, any Prepayment Premium calculated pursuant to Section 4 hereof, and all other amounts payable under this Project Note and any other Financing Document will at once become due and payable, at the option of Holder, without any prior Notice to Borrower (except if Notice is required by applicable law, then after such Notice). Holder may exercise this option to accelerate regardless of any prior forbearance. For purposes of exercising such option, Holder will calculate any Prepayment Premium as if Prepayment occurred on the date of acceleration. If Prepayment occurs thereafter, Holder will recalculate the Prepayment Premium as of the actual date of Prepayment.

**6. Presentment, Notice of Dishonor, and Other Waivers**.Borrower and all endorsers and Guarantors and all other third-party obligors waive presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace, and diligence in collecting the Indebtedness.

**7.** **Forbearance**.Any forbearance by Holder in exercising any right or remedy under this Project Note, the Project Loan Agreement or any other Financing Document, or otherwise afforded by applicable law, will not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Holder of any payment after the applicable Project Loan Payment Date, or in an amount that is less than the required payment, or Holder’s application of such payment, will not be a waiver of Holder’s right to require prompt payment when due of all other payments, a waiver of the unpaid amounts, an accord and satisfaction, or a waiver of Holder’s right to exercise any right or remedy with respect to any failure to make prompt payment. Application by Holder of any security for Borrower’s obligations under this Project Note will not constitute an election of remedies by Holder so as to preclude the exercise of any other right or remedy available to Holder.

**8.** **WAIVER OF TRIAL BY JURY. BORROWER AND HOLDER EACH (a) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS PROJECT NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

**9. Loan Charges**.Neither this Project Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (“**Maximum Interest Rate**”). If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Project Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Holder in excess of the permitted amounts will be applied by Holder to reduce the unpaid principal balance of this Project Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness that constitutes interest, as well as all other charges made in connection with the Indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Project Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Project Note.

**10. Successors and Assigns**. This Project Note will bind the respective successors and assigns of Borrower and Fiscal Agent, and the rights granted by this Project Note will inure to Fiscal Agent’s successors and assigns. Borrower acknowledges that this Project Note is held by Fiscal Agent to Fiscal Agent as security for the Funding Loan, and this Project Note may be further assigned in accordance with the Financing Documents. Anyone who takes this Project Note by transfer and who is entitled to receive payments under this Project Note will also be called “**Holder**.”

**11. Counting of Days**. Any reference in this Project Note to a period of “**days**” means calendar days, not Business Days, except where otherwise specifically provided.

**12. State-Specific Provisions**.State-specific provisions, if any, for the Property Jurisdiction identified in Section 1 are included on Schedule 1 to this Project Note.

**13. Notices and Written Modifications**.All Notices required or permitted to be given under this Project Note must be given in accordance with Section 8.01 of the Project Loan Agreement. Any modification or amendment to this Project Note will be ineffective unless in writing and signed by the party sought to be charged with such modification or amendment; provided, however, in the event of a Transfer under the terms of the Continuing Covenant Agreement that requires Funding Lender’s consent, any or some or all of the Modifications to Project Note set forth in Exhibit A to this Project Note may be modified or rendered void by Funding Lender at Funding Lender’s option, by Notice to Borrower and the transferee as a condition of Funding Lender’s consent.

**14. Personal Liability.**

(a) **Limited Recourse Generally**. Except as otherwise provided in this Section 14, none of Borrower, SPE Equity Owner, or any member or limited partner of Borrower will have any personal liability under this Project Note, the Project Loan Agreement or any other Financing Document for the repayment of the Indebtedness or for the performance of or compliance with any other obligations of Borrower under the Financing Documents and Holder’s only recourse for the satisfaction of the Indebtedness and the performance of such obligations will be Holder’s exercise of its rights and remedies with respect to the Mortgaged Property and to any other collateral held by Holder as security for the Indebtedness. This limitation on Borrower’s liability will not limit or impair Holder’s enforcement of its rights against any Guarantor.

(b) **Base Recourse**. Borrower will be personally liable to Holder for the amount of the Base Recourse specified in Section 1, plus any other amounts for which Borrower has personal liability under this Section 14.

(c) **Loss or Damage Recourse**. In addition to Base Recourse, Borrower will be personally liable to Holder for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by Holder as a result of the occurrence of any of the following events:

(i) Borrower fails to pay to Holder upon demand after an Event of Default all Rents to which Holder is entitled under Section 3 of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence. However, Borrower will not be personally liable for any failure described in this Section 14(c)(i) if Borrower is unable to pay to Holder all Rents and security deposits as required by the Security Instrument because of a valid order issued in, or an automatic stay applicable because of, a bankruptcy, receivership, or similar judicial proceeding.

(ii) Borrower fails to apply all Insurance proceeds and Condemnation proceeds as required by the Financing Documents. However, Borrower will not be personally liable for any failure described in this Section 14(c)(ii) if Borrower is unable to apply Insurance or Condemnation proceeds as required by the Financing Documents because of a valid order issued in, or an automatic stay applicable because of, a bankruptcy, receivership, or similar judicial proceeding.

(iii) Either of the following occurs:

(A) Borrower fails to deliver the statements, schedules and reports required by Section 6.07 of the Continuing Covenant Agreement and Holder exercises its right to audit those statements, schedules and reports.

(B) If an Event of Default has occurred and is continuing, Borrower fails to deliver all books and records relating to the Mortgaged Property or its operation in accordance with the provisions of Section 6.07 of the Continuing Covenant Agreement.

(iv) Borrower fails to pay, or cause to be paid, when due any Imposition Reservemarked “Deferred” in Section 1.03 of the Continuing Covenant Agreement.

(v) Borrower engages in any willful act of material waste of the Mortgaged Property.

(vi) Borrower fails to comply with any provision of Section 6.13(a)(iii) through (xxvi) of the Continuing Covenant Agreement or any SPE Equity Owner fails to comply with any provision of Section 6.13(b)(v) through (vii) of the Continuing Covenant Agreement (subject to possible full recourse liability as set forth in Section 14(e)(ii) of this Project Note).

(vii) Any of the following Transfers occurs:

(A) Any Person that is not an Affiliate creates a mechanic’s lien or other involuntary lien or encumbrance against the Mortgaged Property and Borrower has not complied with the provisions of the Continuing Covenant Agreement.

(B) A Transfer of property by devise, descent or operation of law occurs upon the death of a natural person and such Transfer does not meet the requirements set forth in the Continuing Covenant Agreement.

(C) Borrower grants an easement that does not meet the requirements set forth in the Continuing Covenant Agreement.

(D) Borrower executes a Lease that does not meet the requirements set forth in the Continuing Covenant Agreement.

(viii) Reserved

(ix) Borrower or any officer, director, partner, member, or employee of Borrower makes an unintentional written material misrepresentation in connection with (1) the application for or creation of the Indebtedness, or (2) any action or consent of Holder; provided that the assumption will be that any written material misrepresentation was intentional and the burden of proof will be on Borrower to prove that there was no intent.

(x) through (xvii) are reserved.

(xviii) A default, event of default, or breach (however such terms may be defined in the Regulatory Agreement) occurs after the expiration of any applicable notice and/or cure periods under the Regulatory Agreement.

(xix) through (xxiii) are reserved.

(xxiv) A default, event of default, or breach (however such terms may be defined in the Tax Credit Regulatory Agreement) occurs after the expiration of any applicable notice and/or cure periods under the Tax Credit Regulatory Agreement.

(xxv) through (xl) are reserved.

(d) **Other Recourse**. Borrower will be personally liable to Holder for all the following:

(i) The performance of all of Borrower’s obligations under Sections 6.12, 10.02(b), and 10.02(e) of the Continuing Covenant Agreement.

(ii) The costs of any audit under Section 6.07 of the Continuing Covenant Agreement.

(iii) Any costs and expenses incurred by Holder in connection with the collection of any amount for which Borrower is personally liable under this Section 14, including Attorneys’ Fees and Costs and the costs of conducting an independent audit of Borrower’s books and records to determine the amount for which Borrower has personal liability.

(iv) Any fees, costs, or expenses incurred by Holder in conjunction with Borrower’s termination of any agreement for the provision of services to or in connection with the Mortgaged Property, including cable, internet, garbage collection, landscaping, security, and cleaning.

(v) through (xl) are reserved.

(e) **Full Recourse**. Borrower will become personally liable to Holder for the repayment of all the Indebtedness upon the occurrence of any of the following:

(i) Borrower fails to comply with Section 6.13(a)(i) or (ii) of the Continuing Covenant Agreement or any SPE Equity Owner fails to comply with Section 6.13(b)(iii) or (iv) of the Continuing Covenant Agreement.

(ii) Borrower fails to comply with any provision of Section 6.13(a)(iii) through (xxvi) of the Continuing Covenant Agreement or any SPE Equity Owner fails to comply with any provision of Section 6.13(b)(v) through (vii) of the Continuing Covenant Agreement and a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of Borrower or any SPE Equity Owner with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code.

(iii) A Transfer that is an Event of Default under Section 7.01 of the Continuing Covenant Agreement occurs other than a Transfer set forth in Section 14(c)(vii) (for which Borrower will have personal liability for Holder’s loss or damage); provided, however, that Borrower will not have any personal liability for a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company.

(iv) There was fraud or intentional written material misrepresentation by Borrower or any officer, director, partner, member, or employee of Borrower in connection with (1) the application for or creation of the Indebtedness, (2) on-going financial or other reporting requirements or information required by the Financing Documents, or (3) any action or consent of Holder.

(v) Borrower or any SPE Equity Owner voluntarily files for bankruptcy protection under the Bankruptcy Code.

(vi) Borrower or any SPE Equity Owner voluntarily becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights.

(vii) The Mortgaged Property or any part of the Mortgaged Property becomes an asset in a voluntary bankruptcy or becomes subject to any voluntary reorganization, receivership, insolvency proceeding, or other similar voluntary proceeding pursuant to any other federal or state law affecting debtor and creditor rights.

(viii) An order of relief is entered against Borrower or any SPE Equity Owner pursuant to the Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding initiated or joined in by a Related Party. If Borrower, any Guarantor, any SPE Equity Owner, or any Related Party has solicited creditors to initiate or participate in such a proceeding, regardless of whether any of the creditors solicited actually initiates or participates in the proceeding, then such proceeding will be considered as having been initiated by a Related Party.

(ix) An involuntary bankruptcy or other involuntary insolvency proceeding is commenced against Borrower or any SPE Equity Owner (by a party other than Holder) but only if Borrower or such SPE Equity Owner has failed to use commercially reasonable efforts to obtain a dismissal of such proceeding or has consented to such proceeding. “Commercially reasonable efforts” will not require any direct or indirect interest holders in Borrower or any SPE Equity Owner to contribute or cause the contribution of additional capital to Borrower or any SPE Equity Owner.

(x) through (xi) are reserved.

(xiv) In the event that any of the interest payable on the Funding Loan is deemed included in any Funding Lender’s (other than a Funding Lender who is a “substantial user” of the Mortgaged Property or a “related person” with respect thereto, each as defined in Section 147(a) of the Internal Revenue Code of 1986) gross income for federal income tax purposes as a result of any action or failure to act by Borrower or any Person or entity acting on behalf of Borrower (including, but not limited to, the Property Manager of the Mortgaged Property).

(f) **Exercise of Holder’s Rights**. IfBorrower has personal liability under this Section 14, then Holder may, to the fullest extent permitted by applicable law, exercise its rights against Borrower personally without regard to whether Holder has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any Guarantor, or pursued any other rights available to Holder under this Project Note, the Project Loan Agreement, any other Financing Document, or applicable law. To the fullest extent permitted by applicable law, in any action to enforce Borrower’s personal liability under this Section 14, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

(g) **Application of Payment**. All payments made by Borrower with respect to the Indebtedness and all amounts received by Holder from the enforcement of its rights under the Financing Documents will be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(h) **Cure Right of Equity Investor**. Sections 14(c)(i) and 14(c)(ii) of this Project Note will be operative only after Equity Investor has been given 30 days’ notice of the applicable Event of Default, together with an opportunity within such 30-day period to remedy the applicable Event of Default. In all events, Funding Lender may, during such 30-day period, exercise all of its rights and remedies under the Continuing Covenant Agreement upon the occurrence of such Event of Default, other than foreclosure of the Mortgaged Property.

(i) **Additional Recourse**. Borrower will be personally liable for the following obligations under the Project Loan Agreement:

(i) Borrower’s obligations to Governmental Lender and Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi) and (b)(vii) of Section 4.02 of the Project Loan Agreement.

(ii) Borrower’s tax and indemnification obligations under Section 2.05 and Section 6.01 of the Project Loan Agreement.

(iii) Any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Section 2.04, Section 4.02(b)(viii) and Section 4.03 of the Project Loan Agreement and the Tax Certificate.

(iv) Any legal fees and expenses under Section 7.04 of the Project Loan Agreement.

**15.** **Security.** The Indebtedness is secured by, among other things, the Security Instrument, and reference is made to the Security Instrument, the Continuing Covenant Agreement and the Project Loan Agreement for other rights of Holder with respect to collateral for the Indebtedness, including the definition of Financing Documents set forth in the Continuing Covenant Agreement.

**16. Payment of Holder’s Costs and Expenses.**

(a) Borrower acknowledges and agrees that, in connection with each request by Borrower under this Project Note or any Financing Document, Borrower will pay all reasonable Attorneys’ Fees and Costs and expenses incurred by Holder, regardless of whether the matter is approved, denied or withdrawn.

(b) Borrower further acknowledges and agrees that to the fullest extent allowed by applicable law, Holder will have the right to be repaid by Borrower for Holder’s entire costs and expenses, including Attorneys’ Fees and Costs, resulting from any default under this Project Note or the other Financing Documents or in connection with efforts to collect any amount due under this Project Note or the other Financing Documents, or to enforce the provisions of any of the other Financing Documents, including those costs and expenses incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay) or judicial or nonjudicial foreclosure proceeding.

(c) Any amounts payable by Borrower under this Section 16 will be deemed a part of the Indebtedness, will be secured by the Security Instrument and will bear interest at the Default Rate if not fully paid within 10 days of written demand for payment.

**17. Commercial Purpose**. Borrower represents that Borrower is incurring the Indebtedness solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household, or agricultural purposes.

18. Governing Law; Consent to Jurisdiction and Venue.

(a) This Project Note will be governed by the laws of the Property Jurisdiction.

(b) Borrower agrees that any controversy arising under or in relation to this Project Note, the Security Instrument, the Project Loan Agreement or any other Financing Document may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction will have jurisdiction over all controversies that may arise under or in relation to this Project Note, any security for the Indebtedness or any other Financing Document. Borrower irrevocably consents to service, jurisdiction and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Section 18 is intended to limit Holder’s right to bring any suit, action or proceeding relating to matters under this Project Note in any court of any other jurisdiction.

**19. Construction**.

(a) The captions and headings of the Sections of this Project Note are for convenience only and will be disregarded in construing this Project Note.

(b) Any reference in this Project Note to a “Schedule,” an “Exhibit,” an “Article” or a “Section” will, unless otherwise explicitly provided, be construed as referring, respectively, to a Schedule or Exhibit attached to this Project Note or to an Article or Section of this Project Note.

(c) All Schedules, Exhibits, and Riders attached to or referred to in this Project Note are incorporated by reference in this Project Note.

(d) Any reference in this Project Note to a statute or regulation will be construed as referring to that statute or regulation as amended from time to time.

(e) Use of the singular in this Project Note includes the plural and use of the plural includes the singular.

(f) As used in this Project Note, the term “including” means “including, but not limited to” and the term “includes” means “includes without limitation.”

(g) As used in this Project Note, the use of one gender includes the other gender, as the context may require.

(h) Unless the context requires otherwise, (i) except as provided in subsection (i) of this Section 19, any definition of or reference to any agreement, instrument or other document (including, without limitation, the other Financing Documents) in this Project Note will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the provisions of such agreement, instrument or other document, and this Project Note), and (ii) any reference in this Project Note to any Person will be construed to include such Person’s successors and assigns.

(i) Any reference in this Project Note to “Funding Lender’s requirements,” “as required by Funding Lender,” or similar references will be construed, after Securitization, to mean Funding Lender’s requirements or standards as determined in accordance with Funding Lender’s and Loan Servicer’s obligations under the terms of the Securitization documents.

(j) Any reference in this Project Note to “Funding Lender’s consent,” will be construed to mean Funding Lender’s written consent.

(k) Nothing in this Project Note will be deemed to amend, or relieve Borrower of its obligations under, any other Financing Document to which it is a party. Conversely, to the extent that the provisions of any other Financing Document allow Borrower to take certain actions, or not to take certain actions, with regard for example to the encumbrances listed on the Schedule of Title Exceptions, incurrence of indebtedness, transfers of assets, maintenance of financial ratios and similar matters, Borrower nevertheless will be fully bound by the provisions of this Project Note.

(l) If any provision of this Project Note makes reference to specific provisions of any other Financing Document, such other provision will be deemed to be incorporated into this Project Note by reference as though specifically set forth in this Project Note (with such changes and modifications as may be provided). Such incorporation will continue in full force and effect until all of Borrower’s obligations pursuant to this Project Note are paid in full. No amendment, modification, consent, waiver or termination with respect to any such provisions will be effective as to this Project Note until specifically agreed to in writing by the parties hereto.

**IN WITNESS WHEREOF**, and in consideration of Governmental Lender’s agreement to lend Borrower the principal amount set forth above, Borrower has signed and delivered this Project Note under seal or has caused this Project Note to be signed and delivered under seal by its duly authorized representative. [**INCLUDE IF REQUIRED BY APPLICABLE LAW**: Borrower intends that this Project Note will be deemed to be signed and delivered as a sealed instrument.]

**[BORROWER SIGNATURES]**

**[ADD SEALS AND WITNESSES IF REQUIRED]**

The Holder of the Original Project Note agrees to the modified terms set forth in this Project Note.

**[FISCAL AGENT SIGNATURE]**

**Schedule 1**

**State-Specific Provisions by Property Jurisdiction**

If the Property Jurisdiction for the Project Loan is not listed below, then unless the list below is modified pursuant to Exhibit A to this Project Note, there are no state-specific modifications of this Project Note applicable to the Project Loan.

|  |  |
| --- | --- |
| **Property Jurisdiction** | **State-Specific Provision** |
| Alaska | NOTICE TO BORROWER: The mortgagor or trustor (Borrower) is personally obligated and fully liable for the amount due under this Project Note as provided in Section 14 of this Project Note. The mortgagee or beneficiary (Governmental Lender) has the right to sue on this Project Note and obtain a personal judgment against the mortgagor or trustor (Borrower) for satisfaction of the amount due under this Project Note either before or after a judicial foreclosure of the Instrument under AS 09.45.170 - 09.45.220. |
| Arizona | Borrower agrees to pay an effective contracted rate of interest equal to the rate of interest resulting from all interest payable as provided in this Project Note, plus an additional rate of interest resulting from all “Other Sums.” The “**Other Sums**” will consist of all fees, charges, or any other sums (other than interest payable as provided in this Project Note) paid or payable by Borrower, whether pursuant to this Project Note, any of the Financing Documents, or any other document or instrument in any way pertaining to this lending transaction that may be deemed to be interest for the purpose of any law of the State of Arizona that may limit the maximum amount of interest to be charged with respect to this lending transaction. The Other Sums will be deemed to be interest for the purposes of any such law only. |
| California | (a) The following is added at the end of the description of the Prepayment Premium that is due during the Yield Maintenance Period in Schedule 3:In addition, if any portion of the principal balance of this Project Note is prepaid during the Lockout Period following a determination that the prohibition on involuntary prepayment following an acceleration after an Event of Default during the Lockout Period is in contravention of applicable law, then Borrower agrees that such prepayment will be deemed an attempt to evade such prohibition on prepayment and Borrower must pay to Governmental Lender, upon demand by Governmental Lender, a Prepayment Premium equal to 5% of the amount of principal being prepaid.(b) Borrower hereby expressly waives any right it may have, under California Civil Code Section 2954.10 or otherwise, to prepay this Project Note, in whole or in part, without prepayment charge, upon acceleration of the maturity date of this Project Note, and agrees that if for any reason, a prepayment of any or all of this Project Note is made, whether voluntarily or upon or following any acceleration of the maturity date of this Project Note by Governmental Lender, then Borrower must pay the Prepayment Premium calculated pursuant to Section 4 and Schedule 3 hereof. By initialing this provision in the space provided below, Borrower hereby declares that Governmental Lender’s agreement to make the Project Loan at the interest rate provided for in this Project Note and for the term set forth in this Project Note constitutes adequate consideration, given individual weight by Borrower, for this waiver and agreement.(c) If a Guarantor is liable for only a portion of the Indebtedness, Borrower hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that will be satisfied by Borrower’s partial payment.INITIALS OF BORROWER: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Connecticut | **WAIVER OF PREJUDGMENT REMEDY, HEARING AND NOTICE. THE UNDERSIGNED ACKNOWLEDGES THAT THIS IS A “COMMERCIAL TRANSACTION” AS SUCH IS DEFINED IN CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED. THE UNDERSIGNED FURTHER ACKNOWLEDGES THAT, PURSUANT TO SUCH SECTION, IT HAS A RIGHT TO NOTICE OF AND HEARING PRIOR TO THE ISSUANCE OF ANY “PREJUDGMENT REMEDY.” NOTWITHSTANDING THE FOREGOING, THE UNDERSIGNED HEREBY WAIVES ALL RIGHTS TO SUCH NOTICE, JUDICIAL HEARING, OR PRIOR COURT ORDER IN CONNECTION WITH ANY SUIT ON THIS PROJECT NOTE OR ANY EXTENSIONS OR RENEWALS OF THE SAME OR ON THE MORTGAGE SECURING THIS PROJECT NOTE.** |
| Indiana | Borrower must make all payments of principal and interest under this Project Note without relief from valuation and appraisement laws. For purposes of Section 14(d)(iii), Attorneys’ Fees and Costs means (i) fees and out‑of‑pocket costs of Governmental Lender’s, Fiscal Agent’s, Funding Lender Representative’s and Loan Servicer’s attorneys, as applicable, including costs of Governmental Lender’s, Fiscal Agent’s, Funding Lender Representative’s and Loan Servicer’s in-house counsel, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping, and similar costs and expenses; (ii) costs and fees of expert witnesses, including appraisers; and (iii) investigatory fees. |
| Iowa | **IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS PROJECT NOTE MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.****Borrower acknowledges receipt of a copy of this Project Note, the Security Instrument, the Project Loan Agreement and all other Financing Documents.**INITIALS OF BORROWER: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Louisiana | Wherever the phrase “jointly and severally” appears in this Project Note, the phrase is amended to read “jointly and severally and solidarily.” |
| Maine | **NOTICE: BORROWER MAY NOT MAINTAIN ANY ACTION ON ANY AGREEMENT WITH GOVERNMENTAL LENDER TO LEND ADDITIONAL MONEY, EXTEND ADDITIONAL CREDIT, FORBEAR FROM COLLECTION OF THE INDEBTEDNESS OR MAKE ANY OTHER ACCOMMODATION FOR THE REPAYMENT OF THE INDEBTEDNESS, UNLESS THE AGREEMENT ON WHICH THE ACTION IS BROUGHT, OR SOME MEMORANDUM OF IT, IS IN WRITING AND SIGNED BY AN INDIVIDUAL AUTHORIZED TO SIGN FOR GOVERNMENTAL LENDER.** |
| New Mexico | Pursuant to Section 58-6-5 NMSA 1978, a contract, promise, or commitment to loan money or to grant, extend, or renew credit, or any modification thereof, in an amount greater than $25,000.00 not primarily for personal, family or household purposes made by a financial institution is not enforceable unless made in writing and signed by the party to be charged or that party’s authorized representatives. |
| New York | Section 14(c)(x) of this Project Note is deleted and replaced by the following: (x) Borrower fails to pay any Transfer Taxes (as defined in the Security Instrument) required to be paid by Borrower under the terms of the Security Instrument or the Project Loan Agreement. |
| North Dakota | **PURSUANT TO NORTH DAKOTA CENTURY CODE SECTION 32-19-06.1, BORROWER IS HEREBY PUT ON NOTICE THAT GOVERNMENTAL LENDER MAY HAVE THE RIGHT TO PROCEED TO OBTAIN AND COLLECT A DEFICIENCY JUDGMENT, TOGETHER WITH FORECLOSURE OF THE MORTGAGED PROPERTY UNDER APPLICABLE LAWS.** |
| Ohio | Section 14(c)(x) of this Project Note is deleted and replaced by the following: (x) The Mortgaged Property is subject to any oil or gas lease, pipeline agreement or other instrument related to the production or sale of oil or natural gas that under applicable state law has been given priority over the Security Instrument. |
| Texas | Section 9 is deleted and replaced with the following:**9. Loan Charges (Texas Only).** Borrower and Governmental Lender intend at all times to comply with the law of the State of Texas governing the Maximum Interest Rate or the maximum amount of interest payable on or in connection with this Project Note and the Indebtedness (or applicable United States federal law to the extent that it permits Governmental Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under this Project Note or under any other Financing Document, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or as a result of acceleration of the maturity of this Project Note, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Governmental Lender expressly intend that all excess amounts collected by Governmental Lender will be applied to reduce the unpaid principal balance of this Project Note (or, if this Project Note has been or would thereby be paid in full, will be refunded to Borrower), and the provisions of this Project Note, the Project Loan Agreement and any other Financing Documents immediately will be deemed reformed and the amounts thereafter collectible under this Project Note or any other Financing Document reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under this Project Note or any other Financing Document. The right to accelerate the Maturity Date of this Project Note does not include the right to accelerate any interest, which has not otherwise accrued on the date of such acceleration, and Governmental Lender does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Governmental Lender for the use, forbearance or detention of the Indebtedness will, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in this Project Note, the Continuing Covenant Agreement or any other Financing Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of this Project Note, the total amount of interest that Borrower is obligated to pay and Governmental Lender is entitled to receive with respect to the Indebtedness will not exceed the amount calculated on a simple (i.e., non-compounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and prior advances and any advances made pursuant to the Project Loan Agreement or other Financing Documents (such as for the payment of Taxes, Insurance premiums and similar expenses or costs). |
| Washington | **NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW**. |

**Schedule 2**

**Project Loan Amortization Schedule**

[AT CONVERSION, INSERT SCREENSHOTS OR UNEDITABLE PDF IMAGES OF THE AMORTIZATION SCHEDULE GENERATED USING THE APPLICABLE FREDDIE MAC EXCEL FORM]

**Schedule 3**

**Prepayment Premium**

The Prepayment Premium will be computed as follows:

(i) For any Prepayment made during the Yield Maintenance Period, the “**Prepayment Premium**” will be whichever is the greater of subsections (A) and (B) below:

(A) 1.0% of the principal being prepaid; or

(B) the product obtained by multiplying:

(1) the principal being prepaid or accelerated,

*by*

(2) the excess (if any) of the Monthly Project Note Rate over the Assumed Reinvestment Rate,

*by*

(3) the Present Value Factor.

For purposes of determining the Prepayment Premium above, the following definitions will apply:

**Monthly Project Note Rate:** 1/12 of the Interest Rate, expressed as a decimal calculated to 5 digits.

**Prepayment Date:** in the case of a voluntary Prepayment, the date on which the Prepayment is made; in the case of the application by Holder of collateral or security to a portion of the principal balance of the Project Note, the date of such application.

**Assumed Reinvestment Rate:** 1/12 of the yield rate expressed as a decimal to 2 digits, as of the close of the trading session that is 5 Business Days before the Prepayment Date, found among the Daily Treasury Yield Curve Rates, commonly known as Constant Maturity Treasury (“**CMT**”) rates, with a maturity equal to the remaining Yield Maintenance Period, as reported on the U. S. Department of the Treasury website. If no published CMT maturity matches the remaining Yield Maintenance Period, Holder will interpolate as a decimal to 2 digits the yield rate between (a) the CMT with a maturity closest to, but shorter than, the remaining Yield Maintenance Period, and (b) the CMT with a maturity closest to, but longer than, the remaining Yield Maintenance Period, as follows:



A = yield rate for the CMT with a maturity shorter than the remaining Yield Maintenance Period

B = yield rate for the CMT with a maturity longer than the remaining Yield Maintenance Period

C = number of months to maturity for the CMT maturity shorter than the remaining Yield Maintenance Period

D = number of months to maturity for the CMT maturity longer than the remaining Yield Maintenance Period

E = number of months remaining in the Yield Maintenance Period

If the U.S. Department of the Treasury ceases publication of the CMT rates, the Assumed Reinvestment Rate will equal the yield rate on the first U.S. Treasury security that is not callable or indexed to inflation and that matures after the expiration of the Yield Maintenance Period.

The Assumed Reinvestment Rate may be a positive number, a negative number or zero.

If the Assumed Reinvestment Rate is a positive number or a negative number, Holder will calculate the Prepayment Premium using such positive number or negative number, as appropriate, as the Assumed Reinvestment Rate in Section (B)(2) above and in the calculation of the Present Value Factor.

 If the Assumed Reinvestment Rate is zero, Holder will calculate the Prepayment Premium twice as set forth in (I) and (II) below and will average the results to determine the actual Prepayment Premium.

(I) Holder will calculate the Prepayment Premium using an Assumed Reinvestment Rate of one basis point (+0.01%) in Section (B)(2) above and in the calculation of the Present Value Factor.

(II) Holder will calculate the Prepayment Premium using an Assumed Reinvestment Rate of negative one basis point (-0.01%) in Section (B)(2) above and in the calculation of the Present Value Factor.

**Present Value Factor:** the factor that discounts to present value the costs resulting to Holder from the difference in interest rates during the months remaining in the Yield Maintenance Period, using the Assumed Reinvestment Rate as the discount rate, with monthly compounding, expressed numerically as follows:



**n** = the number of months remaining in the Yield Maintenance Period; provided, however, if a Prepayment occurs on a Project Loan Payment Date, then the number of months remaining in the Yield Maintenance Periodwill be calculated beginning with the month in which such Prepayment occurs and if such Prepayment occurs on a Business Day other than a Project Loan Payment Date, then the number of months remaining in the Yield Maintenance Period will be calculated beginning with the month immediately following the date of such Prepayment.

 **ARR** = Assumed Reinvestment Rate

(ii) For any Prepayment made after the expiration of the Yield Maintenance Period but during the remainder of the Prepayment Premium Period, the “**Prepayment Premium”** will be 1.0% of the amount of principal being prepaid.

**Exhibit A**

**Modifications to Project Note**

The following modifications are made to the text of the Project Note that precedes this Exhibit:

None.