



PROMISSORY NOTE **Affordable Housing Trust Fund**

\$1,000,000.00

Date: October 15, 2009

Boston, Massachusetts

FOR VALUE RECEIVED, the undersigned Franconia Apartments LLC, a Massachusetts limited liability company, having an address at c/o Springfield Housing Action Corporation, 31 East Street, Springfield, Massachusetts 02100 ("Borrower"), promises to pay to the order of The Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute, M.G.L. c.121D, by the Massachusetts Housing Finance Agency, as administrator, at its address of One Beacon Street, Boston, Massachusetts 02108, or at such other place as Holder may from time to time designate in writing (the "Holder"), which term shall include the holder from time to time of this Promissory Note (this "Note"), the principal sum of ONE MILLION DOLLARS (\$1,000,000.00), or so much thereof as has been advanced without interest (except for any Delinquency Rate payable hereunder).

All principal and other payments due under this Note if not sooner paid shall be payable on August ____, 2040 (the "Maturity Date").

Notwithstanding any provision to the contrary contained herein, the obligations hereunder may be prepaid prior to the Maturity Date (as it may be extended) only with the consent of Holder, in its discretion.

Capitalized terms used herein but not defined shall have the meanings ascribed to them in that certain Loan Agreement dated of even date herewith between Borrower and The Commonwealth of Massachusetts acting by and through the Department of Housing and Community Development, acting for itself and as agent for Holder (the "Loan Agreement").

During the one-year period prior to the Maturity Date of this Note, Borrower may request that Holder extend the Maturity Date for a period of up to the original term of this Note in order to maintain the affordability of the Property. To exercise this option, Borrower shall give written notice to Holder no later than ninety (90) days in advance of the Maturity Date requesting extension of the Maturity Date. Said notice shall be accompanied by documentation acceptable to Holder evidencing compliance with all requirements of the Loan Documents through the date of such notice and a proposal by Borrower for tenant income and rent restrictions to be applicable to the Property during the requested extension term. Holder shall have the right to inspect the Property prior to acting on Borrower's extension request. Holder shall review Borrower's request and proposal and such other information as is available from annual recertification procedures,

monitoring procedures, inspections and other sources and shall in its sole discretion make a determination whether or not to grant an extension and the terms and conditions of any extension granted. Any decision to grant or decline an extension and the terms and conditions of any extension shall be conveyed to Borrower in writing at least thirty (30) days prior to the Maturity Date. In the event Holder grants an extension of the Maturity Date, Holder shall establish a new Maturity Date upon which this Note shall become due and payable. Borrower may accept or reject any extension granted by Holder on terms other than those proposed by Borrower. If Holder declines to grant an extension or if Borrower rejects an extension granted on terms other than those proposed, this Note shall continue to be due and payable on the original Maturity Date. Any extension of the Maturity Date shall be evidenced by an agreement in writing, signed by both parties. Such agreement shall set forth the new Maturity Date as well as the other terms and conditions of the extension and shall include appropriate means for Holder to monitor compliance with such terms and conditions during the extension term. At the request of either party, other Loan Documents shall be amended to reflect the terms and conditions of any extension and such amendments shall be filed or recorded if appropriate, at Borrower's expense.

Notwithstanding anything contained herein to the contrary, the Borrower shall repay the loan in an amount equal to the Excess Principal Advances within one hundred twenty (120) days after completion of the construction of the Project, as evidenced by the issuance of the final certificate of occupancy for the Project, and submission of the Borrower's final cost certification to the Holder. "Excess Principal Advances" shall mean fifty percent (50%) of the positive difference, if any, between (a) the final Project sources set forth in the Borrower's final cost certification as approved by the Holder, and (b) the total uses as set forth in the Borrower's final cost certification as so approved.

All payments shall be made at the office of Holder in Boston, Massachusetts, or at such other place as Holder hereof may from time to time designate in writing. If Holder shall exercise the right to declare the entire indebtedness evidenced hereby forthwith due and payable or if the indebtedness evidenced hereby which is due on the Maturity Date is not paid on the Maturity Date, as the same may have been extended, then in addition to all other rights and remedies of Holder hereunder and under the Mortgage or other instruments executed incident hereto, Borrower agrees that all unpaid amounts shall bear interest until paid at the lesser of the following rates (the lesser of such rates, the "Delinquency Rate"): (i) the annual rate which is five percent (5%) per annum above the Prime Rate as published in the Money Rates section of the Wall Street Journal and (ii) the maximum rate of interest which may lawfully be charged or collected on account of such unpaid amounts in accordance with applicable law. Further, if any payment due under this Note is delinquent for five (5) days or more, or if any other amount due under the Mortgage, or any other Loan Document is not paid within five (5) days after notice from Holder that such payment is due, then Borrower shall pay, in addition to any other sums due under this Note (and without limiting Holder's other remedies on account thereof), then and thereafter, until such delinquency is cured, interest on such delinquency at the Delinquency Rate.

Prior to the occurrence of a default continuing beyond any applicable curative period, all payments shall be applied first to interest and costs and the balance to principal. Upon the occurrence of a default continuing beyond any applicable curative period, all payments received by Holder on this

Note shall be applied to the indebtedness and sums due under the Note in such order as Holder shall determine.

Whenever notice, demand or a request may properly be given under this Note, the same shall always be sufficient if in writing and given in the manner set forth for the provision of notice under the terms of the Mortgage.

Borrower shall not assign its rights or obligations under this Note without the prior written consent of Holder. If (a) Borrower fails to pay principal on or before the date when due, as above expressed, or (b) any other Event of Default occurs as defined in the Loan Agreement, then, in any such event (each, an "Acceleration Event"), the entire amount of principal remaining unpaid under this Note and all other amounts payable to Holder hereunder shall, at the option of Holder, become at once immediately due and payable, without further notice. The failure of Holder to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

Every Borrower, endorser and guarantor of this Note (i) waives presentment, demand, notice, protest and all other demands and notices; (ii) agrees that no release of any security for the principal sum due under this Note nor any extension or postponement of the time for payment of this Note nor any other indulgence nor the addition or release of any other party or person primarily or secondarily liable hereunder nor the addition, substitution, exchange or release of security for this Note nor the alteration, amendment or waiver of any provision of this Note or any other Loan Document shall release, discharge, modify, change or affect the liability of any Borrower, guarantor or endorser hereof; (iii) agrees, in case of an Acceleration Event, that Holder hereof may, at its option, set off against the payment of this Note any sums due from Holder to Borrower, or any endorser or guarantor hereof, and may hold as additional security for the payment of this Note any property, real or personal, of Borrower or endorser or guarantor hereof in the possession of Holder; and (iv) agrees to pay, upon demand, all costs and expenses of collecting and enforcing this Note or any collateral or security therefor, including, without limitation, reasonable attorney's fees, incurred or paid by Holder in connection therewith, whether or not litigation is commenced.

This Note shall be construed and enforced in accordance with, and the rights of the parties herein shall be governed by, the laws of The Commonwealth of Massachusetts.

The indebtedness evidenced by this Note is secured by the Mortgage, the Affordable Housing Restriction, and other documents heretofore and from time to time hereafter executed in connection therewith.

This Note may not be changed or terminated orally, but only by agreement in writing signed by the party against whom enforcement of such change or termination is sought.

Notwithstanding anything to the contrary contained in this Note or any of the other Loan Documents, except as specifically provided in the next succeeding paragraph of this instrument or in any separate written indemnification and/or guarantee being provided in connection with such indebtedness, Holder (i) agrees that neither Borrower nor any of Borrower's partners, members, trustees, beneficiaries, shareholders, directors, officers, agents or employees shall be personally liable for the payment of principal, interest and other amounts which may become due and

payable under the Loan Documents, (ii) waives any right to any money judgment on account of the Loan Documents, whether by an action brought upon this Note (or any other Loan Document) or an action brought for a deficiency judgment against Borrower or otherwise, and (iii) agrees that the extent of liability on the part of Borrower under the Loan Documents is limited to the Property and any other security granted to Holder, including, without limitation, all of the rent, revenues, income, profits and other benefits now or hereafter arising from the use and enjoyment of ownership of all or any portion of the Property (collectively, the "Rents"), policies of hazard insurance maintained on the Property and any proceeds thereof, and any award of damages on account of any condemnation for public use of or injury to the Property, Holder agreeing to look solely to the Property and such Rents, other security, policies, proceeds, and condemnation awards in satisfaction of the indebtedness evidenced by this Note.

Notwithstanding the foregoing limitation on personal liability, Borrower shall always be and remain personally liable to Holder to the same extent as it would have been liable absent the foregoing limitation for the following:

- (1) all loss, damage, and reasonable costs and expenses (including reasonable attorneys' fees) incurred or suffered by Holder as a result of (a) physical waste committed by Borrower with respect to the Property, or (b) Borrower's voluntary creation of any lien or encumbrance on the Property not consented to by Holder;
- (2) all insurance proceeds and condemnation awards in respect of the Property received by Borrower which are not applied in accordance with the provisions of the Mortgage;
- (3) that amount, if any, equal to the sum of all Rents collected by Borrower after the occurrence of an Acceleration Event and not applied to debt service or expenses of the Property plus all Rents collectible by Holder under any of the Loan Documents after the occurrence of an Acceleration Event, but which are not so collected due to interference by Borrower; and
- (4) all loss, damage and reasonable costs and expenses (including reasonable attorneys' fees) incurred or suffered by Holder as a result of the commission by Borrower of any act of fraud or material misrepresentation with respect to the indebtedness evidenced hereby.

The foregoing shall not be deemed to release, affect or impair the indebtedness evidenced hereby or the security therefor or Holder's rights to enforce its remedies under any separate indemnification and/or guarantee instruments provided in connection with the indebtedness evidenced hereby or its other remedies under any of the instruments executed incident hereto, including, without limitation thereof, the right to pursue foreclosure or any remedy for injunctive or other equitable relief.

If any term of this Note or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note under seal as of the day and year first above written.

FRANCONIA APARTMENTS LLC

By: FRANCONIA APARTMENTS MM, INC., its
Managing Member

By: _____

Elsie Borden

Its: President

SIGNED IN THE PRESENCE OF:
