

Promissory Note

Frankfort, Kentucky

FOR VALUE RECEIVED, the undersigned, _____, having its principal offices at _____ (hereinafter referred to as the "Maker"), promises to pay to the **KENTUCKY HOUSING CORPORATION**, ("KHC"), a de jure municipal corporation and political subdivision of the Commonwealth of Kentucky, 1231 Louisville Road, Frankfort, Kentucky 40601, its successors and assigns, the principal sum of _____ Dollars (\$_____) (the "TCAP Funds").

The American Recovery and Reinvestment Act of 2009 ("ARRA") appropriated additional funds for the Home Investment Partnership Program ("HOME") providing that such funds are to be used for the Low Income Housing Tax Credit ("LIHTC") projects pursuant to Section 42 of the Internal Revenue Code ("the Code"). The United States Department of Housing and Urban Development ("HUD") created the Tax Credit Assistance Program ("TCAP") as the program outlet for these additional HOME funds appropriated under ARRA. The TCAP Funds are to assist Maker in the construction, rehabilitation, acquisition and capital financing of certain buildings, structures, and/or land located in the _____, County of _____, Kentucky, (the "Development" or the "Project") and made subject to the laws and regulations applicable to the LIHTC and, more specifically, Section 42 of the Code as amended and the regulations promulgated thereunder.

Pursuant to the requirements of KHC's LIHTC Qualified Allocation Plan, Section 42, TCAP, HOME, and ARRA, the Maker has made certain representations and covenants and the delivery of funds by KHC has been made specifically in reliance upon the continued satisfaction of such representations and covenants. The Maker has agreed to comply with all requirements of the LIHTC Qualified Allocation Plan, Section 42, TCAP, ARRA, and related regulations and guidance as may be amended from time to time (collectively, the "Tax Credit Program Requirements.") Such representations and covenants are set forth more fully in the loan documents which consist of an Assistance Agreement, a Mortgage, an Assignment of Rents and Leases, a Declaration of Land Use Restrictive Covenants for Low Income Housing Tax Credits and Subordination Agreement, a Security Agreement, and a personal Guarantee (collectively hereinafter the "Loan Documents") each of which is of even date herewith by and between the parties.

1. **TCAP LOAN.** The Maker promises to pay KHC, its successors and assigns, the principal sum of _____ Dollars (\$_____) together with interest thereon at the rate of 0.00% per annum. No payment of principal and interest shall be due under this Note so long as (i) no event of default has occurred and is continuing under this Note or the Loan Documents (hereinafter defined) or (ii) no recapture event has occurred under section 1602 of the American Recovery and Reinvestment Act of 2009, section 42 of the Internal Revenue Code of 1986, as amended (the Code") or KHC's Low Income Housing Tax Credit Program. Provided no event of default or recapture event has occurred and is continuing, the outstanding principal amount due under this Note shall be forgiven by KHC each year, subject to the limitations in the next sentence, commencing with the first year following the placed in service date of the Project as identified in the Loan Documents, as such date is defined in section 42 of the Code, in an amount equal to six and sixty seven hundreds percent (6.67%) of the original principal amount of this Note. Any amounts previously forgiven by KHC will also be subject to recapture and repayment by the undersigned if KHC or the US Department of Treasury determines in their sole discretion that an event of default or recapture event occurred for any such prior period(s).

2. **TERM.** The Maker agrees that its obligations hereunder shall be and will remain in full force and effect and in no way impaired until the expiration of a date which is thirty (30) years from the Placed in Service Date (the "Project Term"); at that time, the obligations under the Loan Documents and all related laws and regulations shall be deemed satisfied, except any reporting requirements. Until the Project Term has expired or until the Agency has otherwise agreed in writing to the contrary, the Maker shall be fully obligated to pay from any lawful source the full amount of TCAP Funds then due under this Note upon the occurrence of an Event of Default under any of Loan Documents.

3. **REPAYMENT.** Any payments of TCAP Funds that become due under this Note shall be payable at the Kentucky Housing Corporation, 1231 Louisville Road, Frankfort, Kentucky 40601, or at such other place as the Agency may designate in writing.

4. **RECAPTURE.** The Maker shall be responsible for payment of all fees or costs associated with the satisfaction or release of the mortgage associated with this Note, either when the loan is paid off or after the end of the Project Term.

5. **ASSUMPTION AND ASSIGNMENT FOR PURPOSES OF COLLECTION.** This Note may be assumable, subject to KHC's prior written consent, in the event of an approved sale or transfer of the property secured hereunder. In addition, the Maker acknowledges and agrees that KHC may assign its claim to any third party or may pursue collection of the indebtedness directly or through its assigns. KHC may pursue prosecution of any suit necessary to satisfy the indebtedness on the Development and on any improvements, fixtures and equipment located thereon or used or usable in connection with the operation of the Development. Further, the Agency may exercise any rights to seek collection under guarantees delivered by the Maker as additional security. The Agency, or its assigns, may pursue any and all means of collection against the Maker or the Development, without limitation or setoff.

6. **PREPAYMENT.** The Maker may prepay the principal due on this Note in whole or in part, with the Agency's consent, without penalty.

7. **LOAN DOCUMENTS.** This Note is secured by the Loan Documents, the terms of which are incorporated herein by reference. An event of default under any of the terms of the Loan Documents shall also constitute an event of default under this Note.

8. **REMEDIES.** Following an event of default, KHC may immediately declare the then outstanding principal amount due under this Note to be immediately due and payable. All covenants, conditions and remedies of this Note shall be construed as affording to KHC the rights and remedies additional to, and not exclusive of, any and all other rights and remedies conferred by law or equity. KHC shall not be deemed, by any act or commission, to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by the Agency, and then only to the extent specifically set forth in writing. A waiver on one event shall not be construed as continuing or as a bar to or a waiver of any rights or remedies to a subsequent event.

9. **NOTICES.** Any notices to be given pursuant to this Note shall be sent to the address provided in the Loan Documents, unless either party notifies the other in writing of a change in address.

10. **SUCCESSORS AND ASSIGNS.** Unless the context indicates otherwise, the word "KHC" herein shall be deemed and construed to include successors and assigns of KHC, and the word "Maker" herein shall be deemed and construed to include the respective heirs, executors, administrators, successors and assigns of the "Maker"; and in the event there is more than one party named herein as a the Maker, the word "Maker" 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 the "Maker" shall bind them jointly and severally and its, his, her and their, and each of their respective heirs, executors, administrators, successors and assigns.

11. **GOVERNING LAW.** This Note shall be governed by and construed according to the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, The Maker has caused these presents to be executed on this _____ day of _____, 2009.

By: _____

Title: _____