

PROMISSORY NOTE

\$3,770,000.00

_____, 2026
Charlottesville, Virginia

FOR VALUE RECEIVED, the undersigned, **PIEDMONT HOUSING ALLIANCE**, a Virginia nonprofit corporation, with a mailing address of 682 Berkmar Circle, Charlottesville, Virginia 22901 (the "Borrower"), promises to pay to the order of the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation and political subdivision of the Commonwealth of Virginia, with a mailing address of 605 East Main Street, City Hall, Charlottesville, Virginia 22902 (the "Lender" or "City"), the sum of **Three Million Seven Hundred Seventy Thousand and No/100 Dollars** (\$3,770,000.00) (the "Loan"), together with interest, in arrears, on the unpaid principal amount hereof and on overdue interest hereunder at the rate specified below, whether before or after maturity. This Promissory Note, as amended from time to time, is referred to herein as this "Note."

This Note is issued pursuant to the terms and provisions of that certain Loan Agreement, dated as of the date hereof, between Borrower and the City (as amended from time-to-time, the "Loan Agreement") and is in all respects entitled to the benefits of and is subject to the terms and provisions of the "Loan Documents" (as defined in the Loan Agreement), to which reference is hereby made for a more complete statement of the terms and conditions under which the loan evidenced hereby is to be made and repaid.

Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

1. **Interest.** The outstanding principal amount of this Note shall accrue interest at the per annum rate of three and 00/100ths percent (3.00%).
2. **Term and Forgiveness.** This Note shall mature, and all unpaid amounts and any unpaid accrued interest shall be due and payable in full on or before midnight on December 31 of the fortieth (40th) year of the Deferral Period. The Loan shall be forgiven if the Borrower is in compliance with the terms of the Loan Agreement and the other Loan Documents.
3. **Event of Default.** This Note shall become immediately due and payable in full upon the occurrence of any of the following, in each case following any applicable notice and cure period:

- a. on the date of any Uncured Event of Default on the Loan;
- b. upon the insolvency or dissolution of the Borrower;
- c. on the date of any foreclosure of the Project; or

- d. upon the sale or transfer of the property, or any portion(s) thereof, to any person other than a related entity, or other assignee, who has been approved by the Lender in advance. For purposes of this Note, the term “related entity” means any transferee that is controlled by the Borrower, the Recipient, or both.

4. **Repayment Upon Event of Default.** If an Event of Default occurs, the unforgiven balance of the Loan shall become immediately due and payable to the City, without notice or demand, together with interest at the rate of three and 00/100ths percent (3.00%) per annum. The City may pursue all remedies available at law or in equity to recover the outstanding balance.

5. **Subordination.** This Note is expressly subordinate to any first mortgage or deed of trust securing a loan made to the Borrower for the purchase or construction of the Project. The Deed of Trust shall not, without the prior written consent of the City, be subordinated upon the refinancing of any prior mortgage.

6. **Security.** This Note is secured by a Deed of Trust of even date herewith, executed by Borrower to and for the benefit of the City, encumbering the Property.

7. **Notices.** Any notice required or permitted to be given hereunder shall be given in accordance with Section 6.K of the Loan Agreement.

8. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

9. **Miscellaneous.**

a. No delay or omission by the City in exercising any right shall operate as a waiver of such right.

b. This Note may not be modified or amended except in writing executed by both parties.

c. The Borrower agrees to pay all costs and expenses (including reasonable attorneys’ fees) incurred by the holder to this Note in the collection of sums due hereunder and/or in the exercise or defense of the holder’s rights and powers under this Note or any other Loan Document.

d. All references to Lender shall be deemed to apply to any holder of this Note, and the terms hereof shall be binding on the heirs, executors, administrators, successors, and assigns of the Borrower and Lender.

e. Should any provision of this Note be judicially declared to be invalid, unenforceable or void, such decision shall not have the effect of invalidating or voiding the remainder of this Note, and the parties hereto agree that the provision of this Note so held to be invalid, unenforceable or void shall be deemed to have been stricken here from

and the remainder shall have the same force and effectiveness as if such provision had never been included herein.

[Signature page follows.]

IN WITNESS WHEREOF, Borrower has duly executed and delivered this Note as of the date hereof.

BORROWER:

PIEDMONT HOUSING ALLIANCE

By: _____

Print Name: _____

Title: _____

COMMONWEALTH OF VIRGINIA)

)

CITY/COUNTY OF _____)

On _____, 2026, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as _____ of Piedmont Housing Alliance, and that by his signature on the instrument, the entity, individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Commission expires: _____

Registration No.: _____

ACKNOWLEDGED AND AGREED TO:

CITY OF CHARLOTTESVILLE, VIRGINIA

By: _____
City Manager

Approved as to Form:

By: _____
Title: _____
Date: _____

[Signature Page to Promissory Note.]