

PROMISSORY NOTE

US \$ _____

As of _____ 1, 2010

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of Mississippi Home Corporation, a public body corporate and politic, separate and apart from the State of Mississippi, constituting a governmental instrumentality duly created, organized and existing under the laws of the State of Mississippi, the principal sum of _____ and 00/100 Dollars (US \$ _____), with interest accruing at the Interest Rate on the unpaid principal balance from the Disbursement Date until fully paid.

1. **Defined Terms.** Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Construction and Term Loan Agreement of even date herewith (the “**Loan Agreement**”). In addition to defined terms found elsewhere in this Note, as used in this Note, the following definitions shall apply:

Business Day: Any day other than a Saturday, Sunday or any other day on which Lender is not open for business.

Construction Period: The period beginning as of the date of this Note and ending on the earlier of the _____ day of _____, 2013, or ninety (90) days after the date of the last unit receiving its placed in service designation.

Debt Service Amounts: Amounts payable under this Note, the Security Instrument or any other Loan Document.

Disbursement Date: The first day funds are advanced under the Loan Agreement.

First Payment Date: The day after the last day of the Construction Period.

Indebtedness: The principal of, interest on, or any other amounts due at any time under, this Note, the Security Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instrument.

Interest Rate: During the Construction Period, the annual rate of _____; thereafter, the annual rate of _____.

Lender: The holder of this Note.

Loan: The loan evidenced by this Note.

Loan Term: _____ months.

Maturity Date: The _____ day of _____, 2028, or any earlier date on which the unpaid principal balance of this Note becomes due and payable by acceleration or otherwise.

Property Jurisdiction: The jurisdiction in which the Property is located.

Security Instrument: A deed of trust dated as of the date of this Note.

2. **Address for Payment.** All payments due under this Note shall be payable at 735 Riverside Drive, Jackson, Mississippi 39202, or such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. **Payment of Principal and Interest.** Principal and interest shall be paid as follows:

(a) **Short Month Interest.** If disbursement of principal is made by Lender to Borrower on any day other than the first day of the month, interest for the period beginning on the Disbursement Date and ending on and including the last day of the month in which such disbursement is made shall be payable, in the sole discretion of Lender, either simultaneously with the execution of this Note or on the First Payment Date.

(b) **Interest Computation.** Interest under this Note shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

(c) **Monthly Installments.** Consecutive monthly installments, each in the amount of _____ and 00/100 Dollars (US \$ _____), shall be payable on the First Payment Date and on the fifth day of every month thereafter, until the entire unpaid principal balance evidenced by this Note is fully paid. Any remaining principal and interest shall be due and payable on the Maturity Date and it is estimated that such final payment shall be _____ and 00/100 Dollars (US \$ _____). The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(d) **Payments Before Due Date.** Any regularly scheduled monthly installment of principal and interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(e) **Accrued Interest.** Any accrued interest remaining past due for thirty (30) days or more shall be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note. Any reference herein to "accrued interest" shall refer to accrued interest which has not become part of the unpaid principal balance. Any amount added to principal pursuant to the Loan Documents shall bear interest at the applicable rate or rates specified in this Note and shall be payable with such interest upon demand by Lender and absent such demand, as provided in this Note for the payment of principal and interest.

(f) **Prepayment.** Borrower may pre-pay without penalty all or a portion of the amount owed earlier than it becomes due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the

payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower making fewer payments.

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

5. Security. The Indebtedness is secured, by among other things, by the Security Instrument and the Loan Documents, and reference is made to the Security Instrument for other rights of Lender concerning the collateral for the Indebtedness.

6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower. Lender may exercise this option to accelerate regardless of any prior forbearance.

7. Late Charge. If any monthly installment due hereunder is not received by Lender, in addition to all sums otherwise due and payable, a late fee shall be due in accordance with the terms and conditions of the Loan Agreement. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. Default Rate. So long as any monthly installment or any other payment due under this Note remains past due, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or other payment due, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment or payment under this Note is delinquent, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment or other payment due under this Note is delinquent, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the

additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, neither Borrower nor any of its partners shall have personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender's only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender's exercise of its rights and remedies with respect to the Mortgaged Property (as such term is defined in the Security Instrument) and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower's liability shall not limit or impair Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by Lender as a result of: fraud or written material misrepresentation by Borrower, or any officer, director, partner, member or employee of Borrower in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender.

(c) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law.

10. Costs and Expenses. Borrower shall pay on demand all reasonable expenses and costs, including fees and out-of-pocket expenses of attorneys and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding.

11. Forbearance. Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

12. Waivers. 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 are waived by Borrower and all endorsers and guarantors of this Note and all other third party obligors.

13. Loan Charges. Borrower agrees to pay an effective rate of interest equal to the sum of the Interest Rate provided for in this Note and any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the loan evidenced by this Note and any other fees or amounts to be paid by Borrower pursuant to any of the other Loan Documents. Neither this Note nor any of the other Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate greater than the maximum interest rate permitted to be charged under applicable law. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower in connection with the Loan is interpreted so that any interest or other charge provided for in any Loan Document, whether considered separately or together with other charges provided for in any other Loan 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 Lender in excess of the permitted amounts shall be applied by Lender to reduce the unpaid principal balance of this 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, shall be deemed to be allocated and spread ratably over the stated term of the Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Note.

14. Priority Loan. Each and every right, title and interest of Lender and its transferees, successors or assigns, hereunder is subject and subordinate to the rights, title and interests of the Priority Lender regarding the Priority Loan and all documents executed in connection therewith between Priority Lender and Lender, as evidenced by, *inter alia*, that certain Subordination Agreement by Lender in favor of Priority Lender of even date herewith.

15. Loan Forgiveness. On the Maturity Date, at the sole discretion of Lender, and if there has been and is no Event of Default and the Project has complied with all LIHTC Requirements during the Loan Term, Lender may forgive fifty percent (50%) of the Loan.

16. Commercial Purpose. Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

17. Counting of Days. Except where otherwise specifically provided, any reference in this Note to a period of "days" means calendar days, not Business Days.

18. Governing Law. This Note shall be governed by Property jurisdiction.

19. Captions. The captions of the sections of this Note are for convenience only and shall be disregarded in construing this Note.

20. Notices. All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument.

21. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. 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.

ATTACHED SCHEDULES. The following Schedules are attached to this Note:

None.

IN WITNESS WHEREOF, Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

BORROWER:

[BORROWER ENTITY], L.P., a Mississippi limited partnership

BY: _____, a Mississippi limited liability company, its General Partner

BY: _____, a Mississippi corporation, its Member

BY: _____

Borrower's Social Security/Employer ID Number:

Pay to the order of Mississippi Home Corporation,
without recourse.

MISSISSIPPI HOME CORPORATION

BY: DIANNE BOLEN, its Executive Director

STATE OF _____

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for the said county and state, on this the _____ day of _____, 2010, within my jurisdiction, the within named _____, who acknowledged that he is the President of _____, a Mississippi corporation, that is the member of _____, a Mississippi limited liability company, that is the general partner of [Borrower Entity], L.P., a Mississippi limited partnership and that for and on behalf of the said company as the general partner of said limited partnership, and as the act and deed of said company as the general partner of said limited partnership, and as the act and deed of said limited partnership, he/she executed the above and foregoing instrument, after first having been duly authorized so to do.

NOTARY PUBLIC

My Commission Expires:

[S E A L]