

## PROMISSORY NOTE

**Date** 12/19/19

**Loan** \$200,000

FOR VALUE RECEIVED, SELF-HELP VENTURES FUND, a North Carolina nonprofit corporation ("Borrower"), unconditionally promises to pay to the order of BUNCOMBE COUNTY, body politic and corporate organized under the laws of the state of North Carolina (together with its successors and assigns, "Lender"), at its main office in Asheville, North Carolina, or at such other place as may be designated by Lender, the principal sum of \$200,000 ("Fund Loan B"), plus other amounts as indicated herein.

1. **Loan Fund Agreement.** In conjunction with this Note, Borrower has entered into that certain Mountain Community Capital Fund and Management & Technical Assistance Program Allocation of Services and Duties Agreement, dated October 18, 2018 among Borrower, Lender, the City of Asheville, Carolina Small Business Development Fund, and Mountain BizWorks ("the Agreement"). The Agreement describes and governs the administration of a small business loan fund for Buncombe County and the City of Asheville (the "Fund"). The amount advanced by Lender to Borrower pursuant to this Promissory Note (the "Note") shall be used by Borrower for the purpose of funding, operating, and managing the activities described in the Agreement. Lender agrees that the principal sum as stated herein may be reduced as a result of the operation of, and subject to the terms and conditions of, the Agreement, and that Borrower provides no guarantee that all of the principal or any portion of it will be returned to Lender. Capitalized terms used but not defined herein shall have the meaning given to them in the Agreement.
2. **Promise to Pay.** In consideration of the receipt of \$200,000 from Buncombe County ("Lender") Self-Help Ventures Fund, a North Carolina nonprofit corporation ("Borrower") promises to pay to lender the principal sum of \$200,000 plus all other sums due from Borrower to Lender under this Note. The principal amount due under this Note shall be reduced in the event the Fund incurs losses during its operation, as set forth in the Agreement. The amount of each such reduction shall be determined as set forth in the Agreement.
3. **Rate.** Except as provided in Section 7 of this Note, no interest shall accrue on the unpaid principal balance of Fund Loan A.
4. **Payment Due Date.**
  - a. All sums due under this Note shall be due and payable on February 1, 2020 or thirty days after the termination of the Agreement, whichever is first occurring (the "Due Date"). On the Due Date, Borrower shall pay to Lender all outstanding principal (as reduced in accordance with the Agreement), any accrued and unpaid interest, and any other unpaid sums under this Note.
  - b. Notwithstanding the foregoing, portions of principal due under this Note equal to the sum of the Lender's proportionate share of the Collateral Account B Eligible Loss exposure for each secondary Loan that remains in the Collateral Accounts shall not be due until the anniversary date of the termination of the Agreement that immediately follows the date on which the secondary loan underlying such equivalent portions has been either (i) paid in full, or (ii) deemed an Eligible Loss.

- c. Borrower shall have no obligation to make any payments to Lender under the Note other than as set forth herein.
5. **Prepayment.** Borrower may prepay all or a portion of this Note at any time, subject to the provision of the Agreement.
6. **Default.** Lender may declare Borrower to be in default under this Note if:
  - a. Borrower fails to make a payment when due under this Note, or
  - b. Borrower fails to perform any other obligation under this Note or pursuant to the Agreement, and continues to fail to perform such obligations for a period of at least 30 days after receipt of written notice of default from Lender.
7. **Default Rate.** After maturity of this Note, or upon a default by Borrower pursuant to Section 6 hereof, the amount due pursuant to this Note shall bear interest at the rate of 1% per annum.
8. **Usury.** Lender and Borrower intend this Note to bear a lawful rate of interest. If any competent court finds that the rate of interest applicable to this Note is unlawful, the interest rate shall be reduced to the highest legal rate. Lender shall apply any excess interest previously collected to the unpaid principal balance, or, if this Note has been fully repaid, shall return it to Borrower.
9. **Waiver of Presentment.** Borrower and all other persons liable to or to become liable on this Note hereby waive presentment, demand of payment, notice of demand and notice of acceleration of maturity, protest, notice of protest and notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to the Borrower, in connection with delivery, acceptance, performance, default or enforcement of this Note.
10. **Security.** This Note is an unsecured obligation of Borrower, and Borrower does not grant to Lender a security interest in connection with this Note.
11. **Transferability.** Neither Borrower nor Lender may assign or otherwise transfer any or all of its rights, interests or obligations under this Note without the prior written consent of the other.
12. **Governing Law.** This Note shall be governed by and construed in accordance with the law of the State of North Carolina. Each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under such law, then such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Note.

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WITNESS the hand and seal of the parties hereto, as of the date first above written.

BORROWER:

SELF-HELP VENTURES FUND

By: Karen O'Mausky  
Name: Karen O'Mausky  
Title: Vice President

(SEAL)