

PROMISSORY NOTE

Date: October _____, 20__

RECITALS

WHEREAS, pursuant to that certain Mortgage dated November 2, 2015 (the "Security Instrument"), made by and among Steinhouse Trust, having an address of P.O. Box 11 Line, Lexington, PA 18932 (the "Borrower"), and Jane Smith, an adult individual, having an address of 123 MAIN Line RD (the "Lender") the Lender has extended credit to Borrower in the original principal amount of EIGHTY THOUSAND AND 00/100 DOLLARS (\$80,000)(the "Loan");

WHEREAS, in order to secure the Borrower's obligations to repay the Loan, Lender requires that Borrower execute and deliver this Note.

NOW THEREFORE, in consideration of the premises and the agreements set forth herein and for ONE AND 00/100 DOLLARS (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby agree as follows:

1. **Borrower's Promise to Pay.** For value received and intending to be legally bound hereby Borrower, promises to pay to Lender, or order, the principal sum of AMOUNT
2. **Payments of Principal** – Repayment shall be made in sixty (60) consecutive monthly installments of AMOUNT OF PAYMENT DOLLARS (\$0.0). The first installment shall be due on December 1, 2015 and shall continue on the first (1st) day of each and every month thereafter through and including that date which is sixty (60) months from the date hereof (the "Maturity Date"). Monthly installments for any partial month shall be adjusted based on the actual number of days for which an installment is payable in such month. In addition to the sixty (60) consecutive monthly installments, the Borrower shall also make a final balloon payment due on October 30, 2030 in the amount of AMOUNT
3. **Loan Term.** The term of the loan shall be sixty (60) months (the "Loan Term"). If not sooner paid, all unpaid principal due to Lender pursuant to the terms of this Note shall be due and payable on the Maturity Date.
4. **Applicable Interest Rate.** Interest will be charged on unpaid principal under the full amount of principal has been paid. Borrower will pay interest at a yearly rate of **0.0%** (the "Interest Rate"), through and including the Maturity Date.
 - a. For any period that this Note is in default, the interest rate of this Note shall be adjusted to **five percent (5.0%) per annum** in excess of the Interest Rate ("Default Rate"). The Default Rate shall continue as long as the Loan is in default. The Default Rate shall also be payable after judgment is entered on the Note.

- b. Neither the Interest Rate nor the Default Rate shall exceed the maximum rate of interest permitted by law. Any payment of interest or in the nature of interest in excess of the maximum rate permitted by law will be credited as a payment of principle.
5. **Application of Payments.** Payments made under this Note will be credited in the following order: interest, and the balance to reduction of principal.
6. **Prepayment.** Prepayment of the outstanding principal balance of the Loan shall be permitted in full or in part at any time during the Loan Term. There shall be no penalty or prepayment premium charged to Borrower. Any partial prepayment shall not postpone or alter the amount of any subsequent required payments.
7. **Place of Payment.** Payments shall be made at Lender's address set forth above, or such other place as Lender may designate from time to time in writing.
8. **Late Charge.** If the full amount of any payment under this Note is not received by Lender within five (5) days of its due date, Borrower shall pay to Lender a late charge of **Ten Percent (10.00%)** of such payment. This charge will be immediately due and payable without demand. Nothing contained in this paragraph is to be construed or interpreted to change the requirement that monthly payments be made on the dates specified in paragraph 2 of this Note.
9. **Modifications.** Lender may, at its option, without affecting the obligations of Borrower, extend the time for payment of said outstanding principal balance or any part thereof, release anyone liable for any of said outstanding principal balance, accept a renewal of this Note, join in any extension or subordination agreement, release any security given, and agree in writing with Borrower to modify the rate of interest or period of amortization of this Note, change the amount of the monthly installments, modify the terms and time of payment of the outstanding principal balance or take or release other or additional security.
10. **Events of Default.** Each of the following constitutes an Event of Default under this Note: (a) failure to make any installment of principal or interest or other sum payable hereunder when due; (b) if any proceeding under the Bankruptcy Code or any law of the United States or of any State relating to insolvency, receivership, or debt adjustment is instituted by Borrower; or if any such proceeding is instituted against Borrower and is consented to by the Borrower or remains undismissed for ninety (90) days; or if relief in bankruptcy is granted to Borrower; or if a trustee or receiver is appointed for any substantial part of Borrower's property, and such appointment shall not have been vacated within ninety (90) days thereafter; or if Borrower makes an assignment for the benefit of creditors, admits in writing an inability to pay debts generally as they become due, or becomes insolvent; or (c) the entry of final judgment against Borrower which is not discharged or stayed within sixty (60) days of entry.
11. **Remedies.** In the event of default, in addition to any other remedies available to Lender at law or in equity, Lender shall have the following remedies and rights: (a) Lender may

declare the entire principal amount outstanding hereunder and accrued interest thereon to be immediately due and payable. Lender may exercise this option to accelerate during any default by the Borrower regardless of any prior forbearance; and (b) Lender shall have the right to set off against any amounts due hereunder, any property of Borrower now or hereafter in the possession, custody or control of Lender, and sell the same at public or private sale, and upon such terms as Lender deems advisable; and for such remedy, Borrower hereby irrevocably appoints Lender, or its agents or counsel, Borrower's attorney-in-fact, coupled with an interest to execute and deliver such documents, and to do such acts, as shall be reasonably necessary to give full effect to this right of setoff.

12. **Release of Errors.** Borrower hereby waives and releases all errors and imperfections in any proceedings instituted by Lender under the terms of this Note and all benefits that might accrue to Borrower by virtue of any present or future laws exempting any property, real or personal, or any part of the proceeds arising from any sale of such property from attachment, levy or sale under execution, or providing for any stay of execution, exemption from civil process, or extension of time for payment. Borrower agrees that any real estate that may be levied upon pursuant to a judgment obtained by virtue hereof, on any writ of execution issued thereon, may be sold upon any such writ in whole or in part in any order desired by Lender.
13. **Binding Effect.** Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligations of all makers, sureties, guarantors and endorsers. The covenants and agreements contained herein shall bind, and the rights shall inure to, the respective successors and assigns of Lender and Borrower. The rights granted to Lender may be exercised by any holder of this Note without further notice to Borrower.
14. **Remedies Cumulative.** The remedies of Lender as provided in this Note, shall be cumulative and concurrent, and may be pursued singly, successively, or together against Borrower at the sole discretion of Lender, and such remedies and warrants shall not be exhausted by any exercise thereof but may be exercised often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.
15. **Severability.** If any provisions of this Note or any other document executed in connection with the Loan shall be held invalid or unenforceable, no other provision shall be affected, and this Note and such other documents shall be construed as if the invalid or unenforceable provision had never been a part of this Note or the other documents.
16. **Confession of Judgment.** **BORROWER HEREBY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR THE PROTHONOTARY OR CLERK OF ANY COURT IN THE COMMONWEALTH OF PENNSYLVANIA, OR IN ANY OTHER JURISDICTION WHICH PERMITS THE ENTRY OF JUDGMENT BY CONFESSION, TO APPEAR FOR BORROWER AT ANY TIME AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT, IN ANY ACTION BROUGHT AGAINST BORROWER ON THIS NOTE AT THE SUIT OF LENDER, WITH OR WITHOUT COMPLAINT OR**

DECLARATION FILED, WITHOUT STAY OF EXECUTION, AS OF ANY TERM OR TIME, AND THEREIN TO CONFESS OR ENTER JUDGMENT AGAINST BORROWER FOR THE ENTIRE UNPAID AMOUNT OF THE LOAN AND ALL ARREARAGES OF INTEREST THEREON, AND FOR SO DOING THIS NOTE OR A COPY HEREOF VERIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT.

THE AUTHORITY GRANTED HEREIN TO CONFESS JUDGMENT SHALL NOT BE EXTINGUISHED BY ANY EXERCISE THEREOF, BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES DURING THE DURATION OF THIS NOTE. BORROWER ACKNOWLEDGES THAT BORROWER HAS BEEN REPRESENTED BY COUNSEL IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THIS NOTE. BORROWER KNOWINGLY WAIVES BORROWER'S RIGHT TO BE HEARD PRIOR TO THE ENTRY OF SUCH JUDGMENT AND UNDERSTANDS THAT, UPON SUCH ENTRY, SUCH JUDGMENT SHALL BECOME A LIEN ON ALL REAL PROPERTY OF BORROWER IN THE COUNTY IN WHICH SUCH JUDGMENT IS ENTERED.

BORROWER WAIVES AND RELINQUISHES ALL ERRORS, DEFECTS AND IMPERFECTIONS IN THE ENTRY OF JUDGMENT AS AFORESAID, OR IN ANY PROCEEDING PURSUANT THERETO, AND ALL BENEFITS THAT MAY ACCRUE TO BORROWER BY VIRTUE OF ANY LAW OR RULE OF COURT RELATING TO A STAY OF EXECUTION OR EXEMPTING ANY PROPERTY FROM LEVY OR SALE UNDER EXECUTION.

Initial Initial

17. **Number and Gender.** In this Note the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.

18. **Headings.** Headings at the beginning of each numbered paragraph of this Note are intended solely for convenience or reference and are not to be deemed or construed to be a part of the Note.

19. **Governing Law.** This Note and the Security Documents shall be governed by and construed and enforced in accordance with the laws (without giving effect to the conflict of law principles thereof) of the Commonwealth of Pennsylvania.

* * *

IN WITNESS WHEREOF, Borrower has executed this Note the day and year first above written.

WITNESS:

BORROWER

STEINHOUSE Trust
c/o Larry Steinhouse, Trustee