

PROMISSORY NOTE
LB LOFTS AFFORDABLE HOUSING PROJECT

\$1,400,000.00

_____, 2025

FOR VALUE RECEIVED, **HAB Development, Inc.**, hereinafter referred to as the "Payor" promises to pay to the City of Billings, hereinafter referred to as "Payee," the sum of \$1,400,000.00, to be provided as determined through the provisions contained within the Deed Restriction Agreement and Trust Indenture dated this ____ day of _____, 2025. Such amounts will be calculated using the requirements contained within said Deed Restriction Agreement and Trust Indenture of the total assistance provided by the Payee to the Payor. Said sums shall be in proper form of assignment, without interest, said assignment being effective through the Period of Affordability, twenty (20) years, only upon sale, transfer or other disposition, as described in the above-mentioned Deed Restriction Agreement and Trust Indenture dated this ____ day of _____, 2025 wherein the City of Billings is the Payee.

This promissory note is secured by a Trust Indenture on certain real property located in the jurisdictional boundaries of the City of Billings known as:

WHITETAIL SQUARE SUB (10), S22, T01 N, R26 E, BLOCK 1, Lot PARK, PRIVATE PARK comprised of 1.348 AC and adjacent parcel on Sioux Lane, Billings MT 59105 legally described as WHITETAIL SQUARE SUB (10), S22, T01 N, R26 E, BLOCK 1, Lot 1 comprised of 3.014 AC, according to the official plat on file in the office of the Clerk and Recorder of said County, under Document No. 3792983.

The Payor shall transfer or assign the property herein described only with the written consent of Payee. Such consent shall not be unreasonably withheld provided Payee's security interest herein is adequately protected. Payee may, at their option, declare immediately due and payable all sums secured by the Mortgage / Trust Indenture upon the sale or transfer of all or any part of the real property described in the Mortgage / Trust Indenture without the Payor's prior knowledge and written consent.

During the term of this Promissory Note, the Payor shall keep the subject property free from all liens or encumbrances of any kind, except those expressly consented to in writing by the Payee. Any such liens or encumbrances shall constitute a default herein and Payor agrees to indemnify and hold the Payee harmless from any liability for such liens and encumbrances.

The Payor covenants and agrees that they will commit no waste that will lessen the value of the premises nor shall they cause any damage thereto which shall reduce the value of the premises and property as security for the payment of the purchase price as herein provided.

During the life of this Promissory Note, and until the Period of Affordability as set forth in the Deed Restriction Agreement and any restrictive covenants has been met, and until full payment, Payor shall secure and maintain, if insurable, the premiums for premises comprehensive and fire loss coverage covering full replacement cost covering both Payor and Payee. Property taxes, first mortgage and all other financial obligations must be maintained.

If default be made in the payment of said principal, or in any of the covenants of the Deed Restriction Agreement and Trust Indenture securing this Promissory Note, then, at the holder's election, upon notice as provided in the Deed Restriction Agreement and Trust Indenture dated as noted herein, the entire principal option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default or at any other time. The undersigned agree to pay reasonable attorney's fees, in addition to other costs, in case of the collection of this Promissory Note by an attorney, either with or without suit.

The undersigned shall at all times comply with the use, occupancy and recapture restrictions affecting the property described in the Deed Restriction Agreement and Trust Indenture securing this Promissory Note and set forth in the Deed Restriction Agreement and

Trust Indenture dated as noted herein, between the Payor and the Payee. If the undersigned shall fail or refuse to comply with such use, occupancy and recapture restrictions, the Payee may, at their option and with notice as provided in such Deed Restriction Agreement and Trust Indenture, declare the entire unpaid principal balance of this Promissory Note immediately due and payable and may invoke any remedies provided in such Deed Restriction Agreement, Trust Indenture or applicable law in the event of default.

The indebtedness evidenced by this Promissory Note is secured by a Deed Restriction Agreement and Trust Indenture dated as noted herein, and reference is made to the Deed Restriction Agreement and Trust Indenture for rights as to acceleration of the indebtedness evidenced by this Promissory Note.

PAYOR:

By: HAB Development, Inc.,
a Montana nonprofit corporation

Patti Webster, Chief Executive Officer
HAB Development, Inc.,

Date