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## UNSECURED SUBORDINATED PROMISSORY NOTE

June 30, 201\_

FOR VALUE RECEIVED, Southeast Community Capital Corporation, Inc. dba Pathway Lending, a Tennessee not-for-profit corporation ("Borrower"), promises to pay to the order of THE BANK ("Bank") the sum of blank dollars (\$XXX,000), or so much thereof as shall have been advanced and not repaid, with interest at the rate of blank per cent (X%) per annum.

Interest shall be computed for the actual number of days elapsed. Three months from the date of this unsecured subordinated promissory note (the "Note"), and at the end of each three-month period thereafter, all accrued and unpaid interest, if any, shall be added to the outstanding principal balance hereof, and the entire outstanding principal balance, as so adjusted, shall bear interest thereafter until paid.

Interest shall continue to accrue when payments are submitted by instruments representing funds not immediately available and until such funds are, in fact, collected. Both principal and interest due on this Note are payable in Nashville, Tennessee at par in lawful money of the United States of America, in the Main Office of Bank or at such other place as Bank may designate in writing from time to time.

So long as no default has occurred hereunder, and subject to the limitations and other covenants contained herein, Borrower may borrow either the full amount of this loan or any portion thereof from time to time, repay without penalty or premium, and reborrow, from the date hereof until the Maturity Date.

The Maturity Date shall be the tenth anniversary of the date of this Note, provided, however, that beginning on the seventh anniversary of the date, and on each anniversary thereafter, unless Bank notifies Borrower prior to such anniversary, the Maturity date shall be automatically extended by one year, so that upon each such automatic extension, the remaining three-year maturity is extended to four years. Upon notice by Bank to Borrower prior to any such anniversary, that CDFI borrower ceases to be financially sound or ceases to carry out a community development mission, there shall be no further automatic extensions, and the Maturity date shall remain three years from such anniversary.

On the Maturity Date, the entire outstanding principal balance, together with all accrued and unpaid interest, shall be immediately due and payable in full, provided, however, that payments of principal and interest shall be required to be paid only from and to the extent of Borrower's available cash on hand and future cash flow. If the



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payment of amounts due pursuant to this Note are delayed beyond the Maturity Date due to Borrower's lack of available cash, this Note, and all similar promissory notes of Borrower held by other holders with payments delayed beyond the stated maturity date, shall be classified by Borrower as "Deferred Payment Notes", and thereafter Borrower will cease making loans and devote all of its available cash and future cash flow to making payments on the Deferred Payment Notes, pro rata in proportion to the total of principal and interest due on each such Deferred Payment Note, until all such Deferred Payment Notes are paid in full. So long as the provisions of this paragraph are observed and performed, failure by Borrower to make principal and/or interest payments at the Maturity Date shall not constitute a default under the terms of this Note.

This loan is intended to qualify as a Qualified Investment as defined in 12 CFR part 25, section 25.12 (s). Borrower warrants that the proceeds of this Note will be segregated in one or more separate accounts, and used only for Community Development purposes, as defined in 12 CFR part 25, section 25.12 (h), provided, however, that such proceeds may, until actually expended for such purposes, be invested in such accounts or investments as may be approved from time to time by Bank, and provided further that the proceeds of this Note may be commingled with other funds designated for Community Development purposes. Borrower agrees to furnish to Bank periodic reports on the uses of the proceeds of this Note, as well as periodic overall operating statements and statements of assets and liabilities, as well as a copy of its audited annual financial statements.

This loan is intended to qualify as an Equity Investment, as defined in 12 CFR, part 1806, section 1806.103(t), in a Community Development Financial Institution, as defined in 12 CFR part 1806, section 1806.103(m). Borrower warrants that it is a Community Development Financial Institution certified under 12 CFR Part 1805, section 1805.201 on the date hereof, and meets the requirements of 12 CFR part 1805, sections 1805.200(b) through (h).

Time is of the essence of this Note. It is hereby expressly agreed that in the event that any default be made in the payment of any part of interest or principal in accordance with the terms hereof, or upon failure of Borrower to keep and perform all the covenants, promises, agreements, conditions and provisions of this Note, or in any other instrument or document now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced hereby; or if Borrower makes a general assignment for the benefit of its creditors or files a voluntary petition in bankruptcy or a petition for reorganization under the bankruptcy laws; or if a petition in bankruptcy is filed against any obligor; or if a receiver or trustee is appointed for all or any part of the property and assets of any obligor; or should any levy, attachment or garnishment be issued or any lien be filed against the property of any obligor and not be satisfied or released within thirty (30) days after filing; then, in any such case, the entire unpaid principal sum evidenced by this Note, together with all accrued interest, shall, at the option of any holder, without notice, become due and payable forthwith, regardless of the stipulated Maturity Date (the new accelerated maturity being herein referred to as the "Accelerated Maturity Date"), provided, however, that in such case payments of principal and interest shall nevertheless be required to be paid only from and to the extent of



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Borrower's available cash on hand and future cash flow. If the payment of amounts due pursuant to this Note are delayed beyond the Accelerated Maturity Date due to Borrower's lack of available cash, this Note, and all similar promissory notes of Borrower held by other holders with payments delayed beyond their stated maturity dates or accelerated maturity dates, shall be classified by Borrower as "Deferred Payment Notes", and thereafter Borrower will cease making loans and devote all of its available cash and future cash flow to making payments on the Deferred Payment Notes, pro rata in proportion to the total of principal and interest due on each such Deferred Payment Note, until all such Deferred Payment Notes are paid in full.

All claims of the Holder to principal, interest and any other amounts at any time owed under this Note (collectively, "Junior Indebtedness") are hereby expressly subordinated in right of payment, as herein set forth, to the prior payment in full, in money, of all Superior Indebtedness (as defined below). For the purpose hereof, "Superior Indebtedness" shall mean all indebtedness of Borrower, whether outstanding on the date of execution of this Note or thereafter created, whether to banks, insurance companies and other financial institutions or funds, or otherwise, including trade debt and accounts payable, unless in the instrument creating or evidencing such indebtedness it is provided that such indebtedness is not senior in right of payment to this Note. For purposes of clarification, Senior Indebtedness shall include, without limitation, (i) the payment of all interest, costs, expenses and fees, whether accruing pre-petition or post-petition, at the rate or rates prescribed in the applicable documents, that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a), whether or not such interest, costs, expenses or fees are allowable or allowed and (ii) all underlying indebtedness arising or accruing before or after the commencement of any bankruptcy, insolvency or receivership proceedings. Borrower has other subordinated promissory notes outstanding. This Note is subordinated to all other subordinated and unsubordinated debt of the borrower with the exception of subordinated equity-like promissory notes.

No payment under Junior Indebtedness shall be made by Borrower, nor shall the Holder exercise any remedies under the Junior Indebtedness (including taking any legal action (whether judicial or otherwise) to collect the Junior Indebtedness), if, at the time of such payment, exercise or immediately after giving effect thereto, (i) there shall exist any "Default" or "Event of Default" under any agreements governing any of the Superior Indebtedness or (ii) the maturity of any of the Superior Indebtedness has been accelerated and such acceleration has not been waived or such Superior Indebtedness has not been paid in full, in money; provided, however, that (x) in the event that the holder of any Superior Indebtedness accelerates such Superior Indebtedness, then the Holder may accelerate the indebtedness evidenced by this Note, and (y) if Borrower is permitted under the terms of the Superior Indebtedness to pay an amount due and owing under this Note and fails to make such payment, then so long as the terms of the Superior Indebtedness do not prohibit such action, the Holder may exercise its rights to be paid such amount, but only such amount (and Holder shall not be permitted to accelerate hereunder).



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Upon any payment or distribution of assets of Borrower of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding up or total or partial liquidation or reorganization of Borrower, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all Superior Indebtedness of Borrower shall first be paid in full, in money, or payment thereof provided for in money, before any payment is made under Junior Indebtedness; and upon any such dissolution or winding up or liquidation or reorganization, any distribution of assets of Borrower of any kind or character, whether in cash, property or securities, to which the Holder as holder of the Junior Indebtedness would be entitled except for the provisions hereof, shall be paid by Borrower or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, or by the Holder if received by Holder, directly to the holders of the Superior Indebtedness (pro rata to each such holder on the basis of the respective amounts of such Superior Indebtedness held by such holder), or their representatives, to the extent necessary to pay all such Superior Indebtedness in full, in money, after giving effect to any concurrent prepayment or distribution to or for the benefit of the holders of such Superior Indebtedness, before any payment or distribution is made to the Holder with respect to the Junior Indebtedness. If the holders of the Superior Indebtedness in good faith believe Holder may fail to timely file a proof of claim in any such proceeding, the holder(s) of the Superior Indebtedness may do so for Holder.

In the event that any payment or distribution of assets of Borrower of any kind or character, whether in cash, property or securities, prohibited by the foregoing shall be received by the Holder before all the Superior Indebtedness is paid in full, in money, or provisions made for such payment, in accordance with its terms, such payment or distribution shall be held for the benefit of, and shall be paid over or delivered to, the holders of the Superior Indebtedness or their representative or representatives, as their respective interests may appear, for application to the payment of all the Superior Indebtedness remaining unpaid to the extent necessary to pay all such Superior Indebtedness in full, in money, in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of such Superior Indebtedness.

The provisions hereof are solely for the purpose of defining the relative rights of the holders of the Superior Indebtedness on the one hand and the Holder as holder of the Junior Indebtedness on the other hand, and nothing herein shall impair, as between Borrower and the Holder, the obligations of Borrower under the Junior Indebtedness, which are unconditional and absolute. With this in mind, notwithstanding the other provisions of this Note, if and so long as all documents governing the Superior Indebtedness permit one of the actions restricted herein, the restriction shall be waived and the restricted action permitted hereunder.

No right of any present or future holder of any Superior Indebtedness to enforce the subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Borrower or any act or failure to act, in good faith, by any such holder of the Superior Indebtedness, or any noncompliance



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by Borrower with the terms, provisions and covenants hereof, regardless of any knowledge thereof any holder of the Superior Indebtedness may have or be otherwise charged with. Without in any way limiting the generality of the foregoing, the holders of the Superior Indebtedness may, at any time and from time to time, without the consent of or notice to the Holder, without incurring responsibility to the Holder and without impairing or releasing the subordination provided in this Note or the obligations hereunder of the Holder to the holders of the Superior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or create, renew or alter, the Superior Indebtedness, or otherwise amend or supplement in any manner the Superior Indebtedness or any instrument evidencing the same or any agreement under which the Superior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing the Superior Indebtedness; (iii) release any person liable or contingently liable in any manner for the payment or collection of the Superior Indebtedness; and/or (iv) exercise or refrain from exercising any rights against Borrower or any other person.

Each holder of any Superior Indebtedness, whether such Superior Indebtedness was created or acquired before or after the issuance of this Note, shall be entitled to rely on the subordination provisions set forth in this Note.

Subject to the payment in full, in money, of all the Superior Indebtedness, Holder as holder of the Junior Indebtedness shall be subrogated to the rights of the holders of the Superior Indebtedness to receive payments or distributions of assets of Borrower applicable to the Superior Indebtedness until the Superior Indebtedness shall be paid in full, in money.

All persons or corporations now or at any time liable, whether primarily or secondarily, for the payment of the indebtedness hereby evidenced, for themselves, their heirs, legal representatives and assigns, waive demand, presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection and all other notices or demands whatsoever with respect to this Note or the enforcement hereof, and consent that the time of said payments or any part thereof may be extended by the holder hereof and assent to any substitution, exchange, or release of collateral permitted by the holder hereof, all without in any wise modifying, altering, releasing, affecting or limiting their respective liability. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

The term obligor, as used in this Note, shall mean all parties, and each of them, directly or indirectly obligated for the indebtedness that this Note evidences, whether as principal, maker, endorser, surety, guarantor or otherwise.



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It is expressly understood and agreed by all parties hereto, including obligors, that if it is necessary to enforce payment of this Note through an attorney or by suit, undersigned or any obligors shall pay reasonable attorney's fees, court costs and all costs of collection.

This obligation is made and intended as a Tennessee contract and is to be so construed.

Any controversy or claim between or among the parties hereto including but not limited to those arising out of or relating to this Note or any related instruments, agreements or documents, including any claim based on or arising from an alleged tort, shall be determined by binding arbitration in accordance with the Federal Arbitration Act (or if not applicable, the applicable state law), the Rules of Practice and Procedure for the Arbitration of Commercial Disputes of J.A.M.S./Endispute or any successor thereof ("J.A.M.S."), and the "Special Rules" set forth below. In the event of any inconsistency, the Special Rules shall control. Judgment upon any arbitration award may be entered in any court having jurisdiction. Any party to this Note may bring an action, including a summary or expedited proceeding, to compel arbitration of any controversy or claim to which this Note applies in any court having jurisdiction over such action.

(a) Special Rules. The arbitration shall be conducted in Oak Ridge, Tennessee and administered by J.A.M.S. who will appoint an arbitrator; if J.A.M.S. is unable or legally precluded from administering the arbitration, then the American Arbitration Association will serve. All arbitration hearings will be commenced within 90 days of the demand for arbitration; further, the arbitrator shall only, upon a showing of cause, be permitted to extend the commencement of such hearing for up to an additional 60 days.

(b) Reservation of Rights. Nothing in this arbitration provision shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this arbitration provision; or (ii) be a waiver by the Bank of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of the Bank hereto (a) to exercise self help remedies such as (but not limited to) setoff, or (b) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, or the appointment of a receiver. The Bank may exercise such self help rights, or obtain such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this instrument, agreement or document. Neither this exercise of self help remedies nor the institution or maintenance of an action for provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies.





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Any notice by Borrower to Bank shall be deemed given when delivered in writing as follows:

The Bank

Main Street

Nashville, TN

Attention:

Any notice by the Bank to Borrower shall be deemed given when delivered in writing to the following:

Southeast Community Capital Corporation, Inc.

201 Venture Circle

Nashville, Tennessee 37228

Attention: President

Either party may, by written notice to the other, change the address to which, or the person to whose attention, future notices by the latter party to the former party are to be sent.

