

ECGRA DIRECT LOAN #001

CDFI NOTE

Dated: September 13, 2012, and effective as of September 13, 2012 (the "Effective Date")

At: Erie, Pennsylvania

\$500,000.00

Maker: ENTERPRISE DEVELOPMENT FUND OF ERIE COUNTY, INC., a nonprofit corporation organized and existing under the law of the Commonwealth of Pennsylvania (the "Borrower") (the Borrower shall also be referred to herein as the "Maker")

Payee: ERIE COUNTY GAMING REVENUE AUTHORITY, a public body corporate and politic, organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania (referred to herein as "ECGRA").

THIS NOTE IS EXECUTED AND DELIVERED PURSUANT TO A CREDIT AGREEMENT BETWEEN ECGRA AND THE MAKER (THE "CREDIT AGREEMENT"), AND IS SUBJECT TO ALL THE TERMS AND CONDITIONS THEREOF, INCLUDING PROVISIONS FOR EARLY REPAYMENT, INCREASES IN THE RATE OF INTEREST PAYABLE HEREUNDER, AND THE ACCELERATION OF THE MATURITY HEREOF UNDER CERTAIN CIRCUMSTANCES. THIS NOTE IS ENTITLED TO THE SECURITY PROVIDED FOR IN THE CREDIT AGREEMENT.

FOR VALUE RECEIVED, the Maker does hereby irrevocably promise to pay, without defalcation, to the order of ECGRA, as directed by ECGRA, in lawful money of the United States of America, the sum of (i) Five Hundred Thousand Dollars (\$500,000.00) or so much thereof as shall be disbursed to the Maker pursuant to the terms of the Credit Agreement (the "Loan"), together with interest on the principal balance outstanding from time to time, as set forth below, and (ii) upon demand by ECGRA, all other amounts payable hereunder (including, without limitation, any late charge hereunder).

PAYMENT TERMS:

Interest only on the Loan from the First Disbursement Date to the Conversion Date shall be calculated at a rate of three (3%) percent per annum or such greater rate as provided hereunder upon the declaration of an Event of Default, calculated on the basis of the actual number of days elapsed and a year of three hundred sixty (360) days. Interest paid shall be calculated quarterly on March 31st, June 30th, September 30th and December 31st. Such interest is due fifteen (15) calendar days following the date for calculating quarterly interest.

The Borrower may repay all or part of the principal prior to the Conversion Date at its own discretion. A fee for early repayment equal to the WSJ Prime Rate on the date of early repayment plus one (1%) percent will apply to any principal amount repayed prior to the Conversion Date.

Commencing on the first day of the second calendar month following the Conversion Date (as defined in the Credit Agreement) and continuing on the first day of each calendar month thereafter until the Loan and all accrued interest is fully paid, the Borrower shall make level payments comprised of:

1. interest on the principal balance outstanding from time to time at the fixed rate of WSJ Prime Rate plus one (1%) percent as published on the Conversion Date; and
2. an installment of principal in an amount calculated to fully amortize the Loan in sixty (60) installments at the aforesaid interest rate.

The entire outstanding balance of principal and all interest due hereunder shall be due and payable on the first day of the sixty-first (61st) calendar month following the Conversion Date (the "Maturity Date").

The Borrower may repay all or part of the principal following the Conversion Date without penalty or fee.

In the event any amount due after the Conversion Date shall not be paid within thirty (30) days after the due date, the Maker agrees to pay, in addition to interest accruing daily on such amount hereunder, a late charge of three (3%) percent of any such overdue amount to compensate ECGRA for damages suffered because of the Maker's failure to make prompt payments.

ADDITIONAL COVENANTS OF THE MAKER:

THE MAKER HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. All the terms, covenants, conditions and provisions of the Credit Agreement are incorporated herein by reference and are made a part hereof.
2. The occurrence of an Event of Default as defined in the Credit Agreement shall constitute an "Event of Default" hereunder. Upon the occurrence of an Event of Default, at the option of ECGRA, the whole unpaid balance of the principal indebtedness, together with all interest thereon and all other sums due hereunder, shall become due and payable immediately with notice to the Maker; provided however, that no notice to Borrower shall be required if the Event of Default is pursuant to Section 7.1(a) or 7.1(e).
3. Upon declaring an Event of Default hereunder, ECGRA, in its discretion, may increase the rate of interest under this Note to a rate not to exceed six (6%) percent. If ECGRA increases the rate of interest under this Note, the increased rate of interest shall apply retroactively to the first date of the event or conduct giving rise to the declaration of the Event of

Default and continue until such Event of Default is cured, and all additional unpaid interest that accrues from the first date of the event or conduct giving rise to the declaration of the Event of Default shall be immediately due and payable.

4. THE FOLLOWING PARAGRAPH SETS FORTH A WARRANT OF AUTHORITY FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST THE MAKER. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE MAKER, THE MAKER HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS THE MAKER HAS OR MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

IF THERE EXISTS AN EVENT OF DEFAULT AS DEFINED IN THIS NOTE WHICH REMAINS UNCURED THIRTY (30) DAYS AFTER WRITTEN NOTICE THEREOF IS GIVEN BY ECGRA TO THE BORROWER (OF WHICH AN AFFIDAVIT ON BEHALF OF ECGRA SHALL BE SUFFICIENT EVIDENCE), THEN THE BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OF ANY COURT OF RECORD IN THE COMMONWEALTH OF PENNSYLVANIA, OR ELSEWHERE, TO APPEAR FOR AND TO ENTER AND CONFESS JUDGMENT AGAINST IT, AT ANY TIME OR TIMES AND AS OF ANY TERM, FOR THE PRINCIPAL SUM ABOVE MENTIONED, WITH OR WITHOUT DECLARATION, WITH INTEREST AND COSTS OF SUIT, WITHOUT STAY OF EXECUTION, AND WITH REASONABLE ATTORNEY'S FEES. THE MAKER AGREES THAT ANY OF ITS PROPERTY MAY BE LEVIED UPON TO COLLECT SAID JUDGMENT AND MAY BE SOLD UPON A WRIT OF EXECUTION, AND HEREBY WAIVE AND RELEASE ALL LAWS, NOW OR HEREAFTER IN FORCE, RELATING TO EXEMPTION, APPRAISEMENT OR STAY OF EXECUTION. THE AUTHORITY HEREBY GRANTED TO CONFESS JUDGMENT SHALL NOT BE EXHAUSTED BY ANY EXERCISE THEREOF, BUT SHALL CONTINUE FROM TIME TO TIME AND AT ALL TIMES UNTIL THE MAKER HAS PAID ALL SUMS REQUIRED TO BE PAID BY THE MAKER UNDER THIS NOTE AND THE CREDIT AGREEMENT AND HAS PERFORMED ALL OF THE OTHER PROVISIONS HEREOF OR THEREOF TO BE PERFORMED BY THE MAKER.

ECGRA MAY CONFESS ONE OR MORE JUDGMENTS AGAINST THE MAKER IN THE SAME OR DIFFERENT JURISDICTIONS FOR ALL OR ANY PART OF THE AMOUNT OWING HEREUNDER, WITHOUT REGARD TO WHETHER JUDGMENT HAS THERETOFORE BEEN CONFESSED ON MORE THAN ONE OCCASION FOR THE SAME AMOUNT. IN THE EVENT ANY JUDGMENT CONFESSED HEREUNDER IS STRICKEN OR OPENED UPON APPLICATION BY OR ON THE JUDGMENT DEBTOR'S BEHALF FOR ANY REASON, ECGRA IS HEREBY AUTHORIZED AND EMPOWERED TO AGAIN APPEAR FOR AND CONFESS JUDGMENT AGAINST THAT JUDGMENT DEBTOR FOR ANY PART OR ALL OF THE AMOUNTS OWING HEREUNDER, AS PROVIDED FOR HEREIN, IF DOING SO WILL CURE ANY ERRORS OR DEFECTS IN SUCH PRIOR PROCEEDINGS.

IF THE MAKER WISHES TO CHALLENGE ANY JUDGMENT CONFESSED PURSUANT TO THIS PARAGRAPH, IT SHALL DO SO ONLY BY FILING A PETITION TO STRIKE OR OPEN THE JUDGMENT PURSUANT TO PENNSYLVANIA RULES OF CIVIL PROCEDURE RULE 2959, AS IN EFFECT FROM TIME TO TIME, ("RULE 2959") AND SHALL NOT OTHERWISE INTERFERE (BY FILING ANY CIVIL ACTION, BILL IN EQUITY, OR OTHERWISE) WITH THE OPERATION OF THE JUDGMENT GRANTED PURSUANT TO THIS SECTION. THE MAKER EXPRESSLY ACKNOWLEDGES THAT THE PROCEDURE AVAILABLE TO IT THROUGH RULE 2959 WILL PROVIDE IT WITH A FULL AND FAIR OPPORTUNITY TO BE HEARD AS TO ANY REASON WHY JUDGMENT SHOULD NOT BE ENTERED AGAINST IT.

THE MAKER ACKNOWLEDGES THAT IT UNDERSTANDS THE MEANING AND EFFECT OF THE CONFESSION CONTAINED IN THE FOREGOING PARAGRAPH. SPECIFICALLY, THE MAKER UNDERSTANDS AMONG OTHER THINGS THAT (1) IT IS RELINQUISHING THE RIGHT TO HAVE NOTICE EXCEPT AS PROVIDED HEREIN, AN OPPORTUNITY TO BE HEARD AND THE RIGHT TO HAVE THE BURDEN OF PROOF OF DEFAULT REST ON ECGRA PRIOR TO THE ENTRY OF JUDGMENT, (2) THE ENTRY OF JUDGMENT MAY RESULT IN A LIEN ON ITS PROPERTY, (3) IT WILL BEAR THE BURDEN AND EXPENSE OF ATTACKING THE JUDGMENT AND CHALLENGING EXECUTION ON THE LIEN AND SALE OF PROPERTY COVERED THEREBY, AND (4) ENOUGH OF ITS PROPERTY MAY BE TAKEN TO PAY THE PRINCIPAL AMOUNT, INTEREST, COSTS AND ATTORNEY'S FEES.

5. All of the covenants herein contained shall accrue to the benefit of the successors and assigns, voluntary or involuntary, of ECGRA.

6. Demand, grace, presentment for payment, protest, notice of dishonor or nonpayment and notice of the exercise of any option hereunder are hereby waived by the Maker and all endorsers hereof.

7. The remedies provided in this Note and the Credit Agreement, or otherwise available to ECGRA for the enforcement of the payments hereunder and performance of the covenants, conditions, and agreements, matters and things herein and therein contained are cumulative and concurrent and may be pursued singly or successively or together at the sole discretion of ECGRA, and may be exercised from time to time as often as occasion therefore shall occur until ECGRA has been paid all sums due in full.


8. The terms and provisions of this Note are severable. In the event of the unenforceability or invalidity of any one or more of the terms, covenants, conditions or provisions of this Note under federal, state or other applicable law, such unenforceability or invalidity shall not render any other term, covenant, condition or provision hereunder unenforceable or invalid. In the event any waiver by the Maker hereunder is prohibited by law, including but not limited to the waiver of exemption from execution, such waiver shall be and be deemed to be deleted herefrom.

9. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Credit Agreement.

IN WITNESS WHEREOF, intending to be legally bound hereby, the Maker has caused this Note to be duly executed, the day and year first above written.

ATTEST:

ENTERPRISE DEVELOPMENT FUND
OF ERIE COUNTY, INC.



(Assistant) Secretary

By: 

John R. Elliott
President

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