

PROMISSORY NOTE

\$ _____

Date: _____

FOR VALUE RECEIVED, Working Together PA, Inc., a Pennsylvania nonprofit corporation (the “**Borrower**”) hereby unconditionally promises to pay to the order of _____ (the “**Noteholder**”) the principal amount of \$ _____ (the “**Loan**”), together with all accrued interest thereon, as provided in this Promissory Note (this “**Note**”).

1. Payment Dates. The Loan shall be payable in 12 equal consecutive quarterly installments of interest only at the Interest Rate (as defined below), payable on the first business day following the last day of fiscal quarters ending March 31, August 31, September 30, and December 31 (“**Payment Date**”). Commencing at the end of the 12 equal consecutive quarterly installments of interest only, the Loan shall be payable in eight equal consecutive quarterly installments of principal and interest until all amounts outstanding under this Note, including principal, accrued and unpaid interest, and any unpaid fees, shall be due and payable.
2. Interest. Except as provided in this Section 2, principal amounts outstanding under this Note shall bear simple interest at a rate per annum (the “**Interest Rate**”) equal to eight percent. All computations of interest hereunder shall be made on the basis of a year of 365/366 days, as the case may be, and the actual number of days elapsed. Interest shall begin to accrue on the Loan on the date of this Note. On any portion of the Loan that is repaid, interest shall not accrue on the date on which such payment is made.
3. Payment Mechanics. All payments of principal and interest shall be made in US dollars no later than 12:00 PM on the date on which such payment is due. Such payments shall be made by personal check, cashier’s check, certified check, or wire transfer of immediately available funds to the Noteholder’s account at a bank specified by the Noteholder in writing to the Borrower from time to time. All payments shall be applied, *first*, to fees or charges outstanding under this Note, *second*, to accrued interest, and, *third*, to principal outstanding under this Note.
4. Representations and Warranties. The Borrower represents and warrants to the Noteholder as follows:
 - (a) Existence. The Borrower is a nonprofit corporation duly incorporated, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania. The Borrower has the requisite corporate power and authority to own, lease, and operate its property, and to carry on its business.
 - (b) Compliance with Law. The Borrower is in compliance with all laws, statutes, ordinances, rules, and regulations applicable to or binding on the Borrower, its property, and business.
 - (c) Power and Authority. The Borrower has the requisite power and authority to execute, deliver, and perform its obligations under this Note.
 - (d) Authorization; Execution and Delivery. The execution and delivery of this Note by the Borrower and the performance of its obligations hereunder have been duly

authorized by all necessary corporate action in accordance with applicable law. The Borrower has duly executed and delivered this Note.

5. Covenants. Borrower hereby agrees that until all amounts outstanding under this Note, including principal, accrued and unpaid interest, and any unpaid fees (“**Payment Obligations**”), are paid in full, Borrower will not directly or indirectly:
- (a) The Loan shall be used only to operate as outlined in Borrower’s five-year plan (the “**Plan**”) and for no other purpose. Borrower shall not construct any buildings or expand the business activities beyond what is contemplated in the Plan or beyond what can be accomplished with cash flow generated by the base of 64 students that will be accepted into the program as Phase I. For the purposes of clarity and the avoidance of doubt, BORROWER AGREES THAT IT WILL: (I) HOLD ONTO ALL POSITIVE CASH FLOW FROM OPERATIONS FOR THE PURPOSE OF PAYING THE PAYMENT OBLIGATIONS UNDER THIS NOTE, (II) WILL NOT CONSTRUCT ANY NEW BUILDINGS UNTIL THE PAYMENT OBLIGATIONS ARE SATISFIED IN FULL, AND (III) WILL NOT EXPAND ANY OF THE BUSINESSES, OUTLINED IN THE FORECAST, BEYOND WHAT CAN BE UTILIZED WITH THE BASE OF 64 STUDENTS OUTLINED ABOVE.
 - (b) Any new buildings constructed and any expansionary activities implemented by Borrower must be funded from sources other than this Loan, including (i) gifts or grants or (ii) bank debt or additional promissory notes that are subordinate to this promissory note. Borrower shall not create, incur, assume, permit to exist, or otherwise become liable with respect to any new debt if such new debt could cause an Event of Default under the terms of this Note.
 - (c) In the event of any refinance of the this Loan, Borrower shall either satisfy all Payment Obligations or, if Noteholder shall elect, amend or restate the Note on the same terms and conditions as this Note and, upon such election, Borrower shall set aside the sums necessary to satisfy the Payment Obligations when due in a separate and restricted account to be used for such purpose.
 - (d) Noteholder acknowledges and agrees that the Plan contemplates a fundraise of \$1,000,000 in gifts and grants a total of \$750,000 in debt. Notwithstanding the foregoing, Borrower agrees, that in the event they are not successful in reaching the goal of raising \$1,000,000 in gifts and grants, that it shall not issue more than \$1,500,000 in promissory notes in connection with its initial fundraising. The Plan evidences there is more than sufficient cash flow to service the debt if the Borrower raises \$1,000,000 in grants and gifts, and issues a total of \$750,000 in promissory notes in connection with this fundraising.
 - (e) Noteholder acknowledges that Ted Edwards, acting as the executive director of Borrower, and his spouse (collectively, the “**Edwards**”), have made interest free loans to Borrower over the two years preceding this Note that have a balance as of October 31, 2022 of \$1,220,000. The Edwards shall not receive any payments for the return of their loans to Borrower until all other debt holders in this fund raising are paid all outstanding interest and principal due.

6. Events of Default. The occurrence and continuance of any of the following shall constitute an “*Event of Default*” hereunder:
- (a) Failure to Pay. The Borrower fails to pay (i) any principal amount of the Loan when due; (ii) any interest on the Loan within 10 days after the date such amount is due; or (iii) any other amount due hereunder within ten days after such amount is due.
 - (b) Breach of Covenants or Representations and Warranties. Any representation or warranty made by the Borrower to the Noteholder herein contains an untrue or misleading statement of a material fact as of the date made or the Borrower fails to comply with the covenants set forth in Section 5 hereof; *provided, however*, no Event of Default shall be deemed to have occurred pursuant to this Section 6(b) if, within 30 days of the date on which the Borrower receives notice (from any source) of such untrue or misleading statement, Borrower shall have addressed the adverse effects of such untrue or misleading statement to the reasonable satisfaction of the Noteholder.
 - (c) Bankruptcy; Insolvency. (i) The Borrower institutes a voluntary case seeking relief under any law relating to bankruptcy, insolvency, reorganization, or other relief for debtors; (ii) an involuntary case is commenced seeking the liquidation or reorganization of the Borrower under any law relating to bankruptcy or insolvency, and such case is not dismissed or vacated within 60 days of its filing; (iii) the Borrower makes a general assignment for the benefit of its creditors; (iv) the Borrower is unable, or admits in writing its inability, to pay its debts as they become due; (v) a case is commenced against the Borrower or its assets seeking attachment, execution, or similar process against all or a substantial part of its assets, and such case is not dismissed or vacated within 60 days of its filing.
 - (d) Failure to Give Notice. The Borrower fails to give the notice of Event of Default specified in Section 7.
7. Notice of Event of Default. As soon as possible after it becomes aware that an Event of Default has occurred, and in any event within two business days, the Borrower shall notify the Noteholder in writing of the nature and extent of such Event of Default and the action, if any, it has taken or proposes to take with respect to such Event of Default.
8. Remedies. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may, at its option, by written notice to the Borrower declare the outstanding principal amount of the Loan, accrued and unpaid interest thereon, and all other amounts payable hereunder immediately due and payable; *provided, however*, if an Event of Default described in Sections 6(c)(i), 6(c)(iii), and 6(c)(iv) shall occur, the outstanding principal amount, accrued and unpaid interest, and all other amounts payable hereunder shall become immediately due and payable without notice, declaration, or other act on the part of the Noteholder.
9. Expenses. The Borrower shall reimburse the Noteholder on demand for all reasonable and documented out-of-pocket costs, expenses, and fees, including the reasonable fees and expenses of counsel, incurred by the Noteholder in connection with the negotiation,

documentation, and execution of this Note and the enforcement of the Noteholder's rights hereunder.

10. Notices. All notices and other communications relating to this Note shall be in writing and shall be deemed given upon the first to occur of (x) deposit with the United States Postal Service or overnight courier service, properly addressed and postage prepaid; (y) transmittal by facsimile or e-mail properly addressed (with written acknowledgment from the intended recipient such as "return receipt requested" function, return e-mail, or other written acknowledgment); or (z) actual receipt by an employee or agent of the other party. Notices hereunder shall be sent to the addresses set forth adjacent to each party's signature hereto.
11. Governing Law. This Note and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based on, arising out of, or relating to this Note and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.
12. Disputes. The Borrower irrevocably and unconditionally (a) agrees that any action, suit, or proceeding arising from or relating to this Note may be brought in the courts of the Commonwealth of Pennsylvania sitting in Montgomery County, and in the United States District Court for the Eastern District of Pennsylvania, and (b) submits to the exclusive jurisdiction of such courts in any such action, suit, or proceeding. Final judgment against the Borrower in any such action, suit, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Section 12 shall affect the right of the Noteholder to bring any action, suit, or proceeding relating to this Note against the Borrower or its properties in the courts of any other jurisdiction. Nothing in this Section 12 shall affect the right of the Noteholder to serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.
13. Successors and Assigns. This Note may be assigned or transferred by the Noteholder to any individual, corporation, company, limited liability company, trust, joint venture, association, partnership, unincorporated organization, governmental authority, or other entity.
14. Integration. This Note constitutes the entire contract between the Borrower and the Noteholder with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto.
15. Amendments and Waivers. No term of this Note may be waived, modified, or amended, except by an instrument in writing signed by the Borrower and the Noteholder. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.
16. No Waiver; Cumulative Remedies. No failure by the Noteholder to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The

rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

17. Severability. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or render such term or provision invalid or unenforceable in any other jurisdiction.
18. Counterparts. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (“pdf” or “tif”) format shall be as effective as delivery of a manually executed counterpart of this Note.
19. Electronic Execution. The words “execution,” “signed,” “signature,” and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures and paper-based recordkeeping systems, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. § 7001 *et seq.*), and any other similar state laws based on the Uniform Electronic Transactions Act.

IN WITNESS WHEREOF, the Borrower has executed this Note as of _____.

BORROWER:

WORKING TOGETHER PA, INC.

By: _____
Name: Ted Edwards
Title: CEO

Address: 2488 Sanatoga Road
Pottstown, PA 19464

NOTEHOLDER:

By: _____
Noteholder:

Address: