

ASSIGNMENT, ASSUMPTION AND NOVATION AGREEMENT

THIS ASSIGNMENT, ASSUMPTION AND NOVATION AGREEMENT (this "Agreement") is made effective as of the ____ day of June 2007, by and among **THE CITY OF RACINE, WISCONSIN** (the "City"), a municipal corporation, **LINCOLN SCHOOL HISTORIC APARTMENTS, A WISCONSIN LIMITED PARTNERSHIP** (the "Partnership"), and **WHPC-LINCOLN SCHOOL, LLC**, a Wisconsin limited liability company ("WHPC"), with each of the foregoing referred to individually as a "Party" and collectively as "Parties."

WHEREAS, the Partnership is indebted to the City as evidenced by a certain Promissory Note dated December 26, 1990, in the amount of \$175,000.00 (the "Note");

WHEREAS, the Partnership desires to assign the Note and its payment obligations thereunder to WHPC;

WHEREAS, WHPC is willing to assume liability for all payments and other obligations under the Note, and, upon closing, will execute and deliver an Allonge to and Amendment of Promissory Note (the "Amendment") in form substantially similar to Exhibit A attached hereto;

WHEREAS, the City, in exchange for the payment of the sum of \$29,296.00 from the Partnership (the "Payment"), is willing to permit the Note to be transferred to WHPC and to release and discharge the Partnership from any and all liability under and with respect to the Note; and

WHEREAS, the Parties intend that the Mortgage dated December 26, 1990, and recorded in the office of the Register of Deeds of Racine County, Wisconsin on December 28, 1990, in volume 248, page 529, as Document No. 1328456, and which was granted by the Partnership to secure the Note (the "Mortgage"), shall continue to secure the obligation represented by the Note.

NOW, THEREFORE, in consideration of the foregoing, the premises and the acts and promises of the Parties provided for herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged,

IT IS AGREED AS FOLLOWS:

1. Assignment. The Partnership hereby assigns and transfers the Note and all of the Partnership's payment obligations thereunder, and all indebtedness evidenced thereby, (collectively, the "Obligations") to WHPC. The Partnership hereby represents and warrants to WHPC that: (a) the amount of indebtedness evidenced by the Note is \$175,000.00 plus interest accrued thereon, if any; and (b) to the Partnership's knowledge there is no default existing, pending or threatened under any provision of the Note or Mortgage. WHPC hereby acknowledges and accepts the assignment and transfer of the Note. The City hereby consents to the assignment and transfer of the Note.

2. Assumption. WHPC hereby assumes all Obligations under the Note. WHPC undertakes in all respects to perform, observe and be bound by all of the Obligations with respect to the

Note and, after the novation provided for below, to observe and be bound in every way as if WHPC instead of the Partnership had originally been obligated on the Note and all indebtedness hereafter incurred pursuant to the Note as modified by the Amendment. WHPC hereby agrees to indemnify and hold harmless the Partnership and its partners, subsidiaries, affiliates, officers, directors, agents and employees from and against any and all costs, claims and liabilities of any nature relating to or resulting from the Obligations for payment of the debt evidenced by the Note and the Amendment.

3. Novation. Upon receipt of the Payment by the Partnership, the City shall (a) unconditionally and irrevocably release and discharge the Partnership from all claims, demands, damages, losses, costs and expenses of any kind whatsoever arising out of or in connection with the indebtedness evidenced by the Note, and (b) agree in all respects to accept WHPC as the debtor and obligee on the Note in every way as if WHPC instead of the Partnership had originally been obligated on the Note. The City and WHPC, to further clarify the obligations of WHPC to the City, hereby agree that, upon closing, WHPC shall deliver and execute the Amendment in form substantially similar to Exhibit A attached hereto and incorporated herein by reference. WHPC, the City and the Partnership hereby agree that the substitution of WHPC for the Partnership as the obligor under the Note, and the City's release of the Partnership of all obligations under and with respect to the Note, constitute a novation of the Note.

4. Mortgage. The Parties agree that it is their mutual intent that the Mortgage originally granted by the Partnership to secure the Note being assigned by the Partnership shall continue to secure the obligation represented by the Note as modified by the Amendment and assumed by WHPC. WHPC and the Partnership hereby specifically request that the lien evidenced by the Mortgage previously granted by the Partnership to secure the original obligation of the Partnership not be released. Each Party agrees that upon the request of any Party, or its attorney, each Party shall execute a separate written request that the lien evidenced by the Mortgage is not to be released.

5. Miscellaneous. This Agreement may be executed in several counterparts, and each executed counterpart will be considered as an original of this Agreement. This Agreement shall be governed by the laws of the State of Wisconsin without regard to its choice of law principles.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

**LINCOLN SCHOOL HISTORIC APARTMENTS,
A WISCONSIN LIMITED PARTNERSHIP**

**By: Banc One Community Development/
Wisconsin Corporation, General Partner**

By: _____
Damian F. Warshall, Vice President

WHPC-LINCOLN SCHOOL, LLC

**By: WISCONSIN HOUSING PRESERVATION
CORP., a Wisconsin nonstock corporation, its sole
and authorized member**

By: _____

Name: _____

Title: _____

THE CITY OF RACINE, WISCONSIN

By: _____

Name: _____

Title: _____

Exhibit A

Allonge to and Amendment of Promissory Note

**ALLONGE TO AND AMENDMENT
OF PROMISSORY NOTE**

This Allonge to and Amendment of Promissory Note dated as of _____, 2007 (“Amendment”) is entered into by and between WHPC-LINCOLN SCHOOL, LLC, a Wisconsin limited liability company (the “Borrower”), and the CITY OF RACINE, WISCONSIN, a municipal corporation (the “Lender”) who agree as hereinafter set forth.

Recitals

A. On or about December 26, 1990, Borrower’s predecessor in interest executed and delivered to Lender a Promissory Note (the “Note”) in the principal amount of One Hundred Seventy-Five Thousand Dollars (\$175,000.00).

B. Borrower and Lender have agreed to extend the term of the Note through July __, 2021, and to amend the Note as provided herein.

Agreement

In consideration of the premises hereof and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Amendment of Note. The Note is hereby amended as follows:

(a) by substituting the following in place of the first paragraph of the Note:

FOR VALUE RECEIVED, the undersigned jointly and severally promise(s) to pay to the order of the City of Racine, a municipal corporation, or its successors, the sum of One Hundred Forty-Five Thousand Seven Hundred Four Dollars (\$145,704.00) in lawful money of the United States at the principal office of the City Treasurer in the City of Racine or at such other place as shall be designated by the City.

(b) by substituting the following in place of the fourth and fifth paragraphs of the Note:

The principal balance of this loan and all accrued interest shall be forgiven on an annual basis by 1/14th of the face value of this Note plus accrued interest for such year, if any, for each year remaining in the Extended Use Period as such term is defined in Section 42(h)(6)(D) of the Internal Revenue Code (the “Code”) so long as

the property is maintained for use as housing for low and moderate income persons as provided in Section 42 of the Code.

THE UNDERSIGNED hereby agree(s) to notify the City of Racine of the cessation of use of said property as housing for low and moderate income persons as provided in the immediately preceding paragraph.

2. Release of the Partnership. The parties hereto fully and irrevocably release and waive any and all of their rights and interests with respect to the Lincoln School Historic Apartments, A Wisconsin Limited Partnership (the "Partnership") under the Note and forever discharge the Partnership and its respective successors, assigns, representatives, agents, attorneys and affiliates from any and all obligations, liabilities, claims or causes of action of any nature or description, that the parties have or may have in the future against the Partnership arising out of the Note.

3. Affirmation of Borrower. Borrower expressly agrees to be bound as the sole borrower under the Note and by all of the terms and conditions of the Note as herein amended, notwithstanding the release set forth in paragraph 2 hereof.

4. Allonge. The parties agree that this Amendment shall be firmly affixed to and become an Allonge to the Note.

5. Effect of Amendment. Except as expressly amended hereby all of the terms and conditions of the Note remain as stated therein and are not, except as expressly set forth herein, waived or modified in any respect.

6. Counterparts. This Amendment may be signed in any number of counterparts with the same effect as if the signatures thereto were upon the same instrument.

IN WITNESS WHEREOF, the Borrower and Lender have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

Borrower:

Lender:

WHPC-LINCOLN SCHOOL, LLC,
a Wisconsin limited liability company

THE CITY OF RACINE, WISCONSIN,
a municipal corporation,

By: Wisconsin Housing Preservation Corp.,
a Wisconsin nonstock corporation, its sole
and authorized member

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____