

**NEW HAMPSHIRE****BUSINESS FINANCE AUTHORITY**

December 21, 2016

Her Excellency, Governor Margaret Wood Hassan and
The Honorable Council
State House
Concord, New Hampshire 03301

Re: Business Finance Authority Participation in a Loan with Northern Community Investment Corporation Pursuant to RSA 162-A:7.

Dear Governor and Council:

REQUESTED ACTION

Holding of a public hearing and passage of a resolution entitled: A RESOLUTION UNDER RSA 162-A:18 AWARDED AND APPROVING A PARTICIPATION IN A LOAN UNDER RSA 162-A:7 WITH NORTHERN COMMUNITY INVESTMENT CORPORATION. (For the text of the requested Resolution see Exhibit Two attached to this letter of transmittal.)

The Business Finance Authority of the State of New Hampshire (the "Authority") respectfully requests that you hold a public hearing and make the statutory findings under RSA 162-A:18, with respect to the proposed a 50% participation (\$75,000) with Northern Community Investment Corporation (the "Borrower"), a local development organization, in the form of a term loan in the principal amount of up to One Hundred Fifty Thousand Dollars (\$150,000). The Authority recommends your favorable action and submits in support thereof, the following materials as designated:

- (1) a summary of the transaction
- (2) a proposed resolution for adoption by the Governor and Council;
- (3) a copy of RSA 162-A:7;
- (4) a letter from the undersigned explaining the transaction;
- (5) a commitment letter extended by the Authority to the Borrower;
- (6) draft participation loan documents, which when executed and delivered, will evidence and govern the participation loan to be made by the Authority to the Borrower.

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(7) an agreement between the Authority and the Borrower, which when executed will evidence the local development organization's recommendation of the proposed loan transaction;

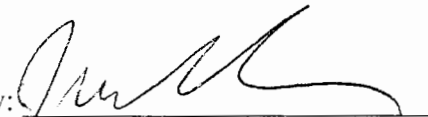
(8) a resolution adopted by the Authority on November 21, 2016 which recommends that Governor and Council approve the proposed loan;

(9) a summary of required statutory findings of the Governor and Council with reference materials to support each finding.

The Authority would be pleased to furnish any additional documentation and information which you may request.

Respectfully Submitted,

**BUSINESS FINANCE AUTHORITY
OF THE STATE OF NEW HAMPSHIRE**

By: 

Jack Donovan
Executive Director

See Attached Exhibits
cme\aidprog\SNS

LOAN SUMMARY

BORROWER – Northern Community Investment Corporation

LOCATION - 15 Depot Square, Suite 2
St Johnsbury, Vermont 058190

TYPE OF BUSINESS –Economic Development

LENDER - Business Finance Authority of the State of New Hampshire
2 Pillsbury Street, Suite 201
Concord, New Hampshire 03301

AMOUNT OF LOAN - \$75,000

TYPE OF LOAN – 50% participation in a \$150,000 Term Loan

PURPOSE – NCIC to loan funds to Secured Network Services, Inc., to be used as working capital.

COLLATERAL – Loan to Secured Network Services, Inc., will be secured by second mortgage on personal residence, third mortgage on commercial real estate and subordinate lien on business assets.

**A RESOLUTION UNDER RSA 162-A:18 AWARDED A LOAN
UNDER RSA 162-A:7 FROM THE BUSINESS FINANCE AUTHORITY OF
THE STATE OF NEW HAMPSHIRE TO NORTHERN COMMUNITY INVESTMENT
CORPORATION**

WHEREAS, the Governor and Council (the "Governor and Council") of the State of New Hampshire (the "State") have received from the Business Finance Authority of the State of New Hampshire (the "Authority") its written recommendation that the Governor and Council make certain findings and determinations pursuant to RSA 162-A:18 with respect to a fifty percent (50%) participation loan by the Authority with Northern Community Investment Corporation (the "Lender") in the original principal amount of up to \$150,000 to be loaned to Secured Network Services, Inc., for working capital. (the "Loan")

WHEREAS, pursuant to the provisions of RSA Chapter 162-A, the Governor and Council is authorized to approve the recommendation of the Authority and to authorize and approve the Loan participation by the Authority upon the making of specific findings after public hearing;

WHEREAS, the Governor and Council will receive all the documentation and information with respect to the proposed participation Loan by the Authority; and

WHEREAS, further action by the Authority with respect to the proposed transaction is subject to the passage of this Resolution and cannot be taken until after its passage.

NOW, THEREFORE, it is hereby resolved that:

1. Findings and Determination. On the basis of the documentation and information received by the Governor and Council, after a public hearing, the Governor and Council find:

a. Special Findings.

(i) The Loan in consistent with local or regional development plans or policies.

b. General Findings.

(i) The Loan that the Authority has proposed to participate in will serve a public use and provide a public benefit.

(ii) The Loan participation that the Authority has proposed is within the policy of, and the authority conferred, by RSA Chapter 162-A.

(iii) The Loan that the Authority has proposed to participate in will preserve or increase the social welfare or economic prosperity of the State and one or more of its political subdivisions, and will promote the general welfare of the State's citizens.

(iv) The Loan that the Authority has proposed to participate in will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

2. Approval. Governor and Council approve the Loan participation by the Authority as recommended by the Authority and authorize the Authority to cause the execution and delivery of the loan documents substantially in the form submitted to Governor and Council and to take such further action as the act with respect to the transaction as may be required.

3. Effective Date. This Resolution shall take effect upon its passage.

Passed and agreed to December 21, 2016.

The Governor

Councilor

Councilor

Councilor

Councilor

Councilor

162-A:7 Aid to Local or Regional Development Organizations.

I. The authority may expend or loan money upon such terms and conditions as prescribed by the authority to acquire, develop, redevelop, construct, renovate, or expand real or personal property for business use. No expenditure or loan shall be made by the authority under this section unless it is with the approval of, or in cooperation with, a local development organization.

II. Prior to the expenditure or loan of any money under this section, the authority shall enter into one or more agreements with such organization to provide for the conditions on which the expenditures or loans will be made, the terms of repayment of such expenditure or loan, the time and manner of such repayment, conditions under which the property is to be used by or leased to one or more businesses, the form and amount of security if any, to be pledged to the authority for such repayment, and such other provisions as the authority may determine are necessary or desirable. Repayment of any expenditure or loan made by the authority may be with or without interest and may take the form of cash, real or personal property, or services.

III. Any property acquired, developed, redeveloped, constructed, renovated, or expanded under this section may be leased by the authority or the local development organization, as appropriate, for business use, and under such terms and conditions as they shall deem appropriate. Any such lease may include options of the lessee to purchase the property, provided that the purchase price upon the exercise of any such option shall not be less than the amount necessary to reimburse the authority, with interest if applicable, for any unpaid balance of expenditures made by the authority for such property. Any lease shall obligate the lessee to pay all costs and expenses of upkeep, maintenance and operation of the property during the lease term.

IV. The authority shall not expend or loan any money or make a binding commitment to spend any money for a particular project under this section unless after a hearing the governor and council have made the findings specified in RSA 162-A:18.



NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY

December 21, 2016

Her Excellency, Governor Margaret Wood Hassan and
The Honorable Council
State House
Concord, New Hampshire 03301

Re: Loan participation from the Business Finance Authority to Northern Community Investment Corporation, pursuant to RSA 162-A:7

Dear Governor and Council:

The purpose of this letter is to describe and explain the proposed loan participation from the Business Finance Authority of the State of New Hampshire (the "Authority") to Northern Community Investment Corporation (the "Borrower") as recommended by the Authority, based upon information supplied by the Authority and the Borrower.

1. **Statutory Authority.** RSA 162-A:7 authorizes the Authority to expend or loan money to acquire, develop, redevelop, construct, renovate or expand real or personal property for business use with the approval of or in cooperation with a local development organization. The statute also provides that upon the Authority's recommendation, the Governor and Council may, after holding a public hearing and making certain findings, approve and authorize such a loan or expenditure of money by the Authority.

2. **Concept of the Aid to Local Development Organization Program.** The Authority has developed the Aid to Local Development Organization Program as a significant part of its programs intended to facilitate the growth and development of businesses within the state. In general, the program focuses on expending funds or making loans for projects identified by local development organizations as providing important opportunities for economic development within particular regions or communities of the State.

3. **Agreement with Local Development Organization.** RSA 162-A:7, II requires the Authority to enter into an agreement with a local development organization providing for the conditions upon which the expenditure or loan will be made.

4. **Description of the Transaction.** The Borrower is the Northern Community Investment Corporation. The Authority recommends that it takes a 50% participation (\$75,000) in a loan to the in the principal amount of up to One Hundred Fifty Thousand Dollars (\$150,000) (the "Loan") to be made by Northern Community Investment Corporation to Secured Network Services, Inc. Proceeds of the loan will be utilized by Secured Network Services, Inc., for working capital.

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5. **Terms of the Loan Documents.** The terms and conditions of the Loan are to be expressed in a participation agreement between the Authority and the Borrower and certain other loan documents. The loan documents, which will be in substantially the form submitted to Governor and Council with this letter, will include the following terms and conditions:

a. **Promissory Note.** The Loan to Network Secured Services, Inc., will be evidenced by a Promissory Note in the original principal amount of up to One Hundred Fifty Thousand Dollars (\$150,000). The Loan will be written for a period of three years with six months of interest only then 29 equal monthly principal payments of \$5,000.00 plus interest and one final payment of any remaining principal plus accrued interest.. The interest rate will be fixed at Eight and one-half (8.50%) percent.

b. **Representations and Covenants of the Borrower.** The participation loan agreement contains such provisions as the Authority has determined necessary and desirable in order to administer the loan, including without limitation, representations and warranties and covenants of the Borrower, indemnification of the Authority for the risks concerning any potential hazardous waste, the provision of payment of the Authority's costs and expenses, and the Authority's remedies upon default of the Borrower.

c. **Security.** Secured Network Services, Inc's., obligations under the loan documents will be secured by a second mortgage on residential real estate, a third mortgage on commercial real estate and a security interest on all business assets.

d. **Use of Proceeds.** Proceeds of the Loan will be used for working capital by Secured Network Services, Inc.

In Summary. Based upon the foregoing, all statutory requirements are embodied and implemented in the proposed transaction and loan documents.

Very truly yours,

BUSINESS FINANCE AUTHORITY


By: _____
Jack Donovan
Executive Director

RECEIVED
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CONFIDENTIAL
COMMERCIAL AND FINANCIAL
INFORMATION

November 22, 2016

Mr. Mark Butterfield
Northern Community Investment Corporation
15 Depot Square, Suite 2
St. Johnsbury, VT 05819

**RE: Participation in Loan from Northern Community Investment Corporation
(NCIC) for the benefit of Secured Network Services, Inc.**

Dear Mr. Butterfield:

The Business Finance Authority of the State of New Hampshire ("the Authority") has approved in principal the application submitted by the Northern Community Investment Corporation (the "NCIC"), a local development organization (the "LDO"). Accordingly, the Authority is prepared to proceed with the discussions to participate in the loan described below (the "Loan") by the NCIC under the Authority's Local Development Organization loan program, subject to the general terms and conditions set forth in this letter. This letter is an expression of the Authority's intent to recommend that the Governor and Council approve the Loan participation as described in this letter and upon such approval to make the Loan based only upon the information that the LDO has submitted. Any obligation to recommend Governor and Council's approval of the Loan participation, or to consummate the Loan, will arise only upon the satisfactory preparation, execution and delivery of documentation in form and substance satisfactory to the Authority.

In reaching its decision, the Authority has reviewed all information submitted in the application. We have acquired an understanding of the NCIC's financial situation. Of course, as we proceed, we will require further information.

POLICY BACKGROUND

The Authority has determined that the proposed transaction will serve to promote business development within the State by expanding the availability of credit within Grafton County. The Authority's commitment concerning the Loan reflects this fundamental determination that the proposed transaction will serve a public use and provide a public benefit.

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The Authority was created to offer credit enhancements to struggling New Hampshire businesses. The LDO loan program established under RSA Chapter 162-A:10 is intended to do so indirectly by assisting local development organizations in promoting and developing business within the State. In fact, the statute provides that the Authority may make a loan only if the local development organization agrees to the use of the proceeds of the loan for the promotion, encouragement or development of business within the State, or a region or community of the State and to the terms and conditions upon which the Authority will make the loan. This letter is intended to outline the ways in which the Authority intends to meet these requirements.

TERMS OF LOAN PROPOSAL

I am authorized to report to you that the Authority has approved in principal the NCIC's request, subject to and limited by the following terms and conditions:

- Identification of Loan:** The Authority agrees to a fifty percent (50%) participation (\$75,000) in the loan in the amount of up to \$150,000, of which proceeds will be used to provide financing for Secure Network Services to provide working capital.
- Terms of Repayment:** The Loan will bear an interest rate of eight and one-half percent (8.50%) fixed and will be repaid in six months of interest only payments, followed by thirty (30) payments of principal in the amount of five thousand dollars (\$5,000.00) plus interest.
- Disbursement:** Closing and disbursement of Loan proceeds shall be subject to customary conditions, including without limitation:
- (1) NCIC note to be secured by a second mortgage on property located at 79 Sugar Hill Road, Easton, NH.
 - (2) NCIC note to be secured by a third mortgage on property located at 775 Industrial Park Drive, Littleton, NH.
 - (3) NCIC note to Secured Network Services, Inc. to be secured by a fourth lien position on all business assets of company.
 - (4) NCIC note to Secured Network Services, Inc. to be guaranteed by Kevin Low.
 - (5) Appropriate business insurance on all collateral securing loan from NCIC to Secured Network Services, Inc.
 - (6) Subject to any and all other terms and conditions of NCIC Loan Agreement to Secured Network Services, Inc., acceptable to the BFA.

Documents: The NCIC shall provide the Authority with such documents, agreements, reports and certificates the Authority may reasonably require, including, without limitation, title insurance and survey in form and substance satisfactory to the Authority.

LDO Agreement: At or before the closing, the NCIC shall execute an agreement evidencing approval of the Loan participation in accordance with RSA 162-A:7 II.

Further Investigation and Modification of Documents: The Authority's obligation to participate in the Loan shall be subject to the Authority's review and approval to its satisfaction of all loan documents relating to the Loan and the proposed Loan collateral, evidenced by the Loan and all other loan documentation, including, without limitation, UCC search information, collateral value analysis, appraisals, environmental reports, governmental approvals, construction contracts, and financial statements of the NCIC and also subject to the truth and accuracy of the NCIC's representations in its loan application.

Authority Legal Expenses: As a condition to proceeding, the NCIC shall pay all reasonable legal counsel fees and expenses incurred in the evaluation, preparation and provision for the Authority's Loan participation, even if the transaction is not consummated.

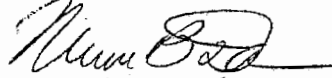
Legal Opinion: Counsel to the LDO shall provide opinions as to the due organization of the LDO and the power and due authority of the LDO to enter into the loan documents, the enforceability of the Loan documents and such other matters as the Authority may reasonably request, including compliance with applicable laws.

Approval: As required by RSA 162-A:10, the Loan transaction may become effective only upon approval of the Governor and Council.

If NCIC wishes to proceed further to finalize the terms of this proposal, please sign and return this letter to us on or before 2:00 p.m. on December 5, 2016. This rapid response is required to accelerate the process of seeking approval of the Governor and Council. As noted, any obligation to take action by the Authority will arise only upon satisfactory preparation, execution and delivery of documentation.

On behalf of the Authority, I look forward to working with the NCIC toward a successful financing transaction.

Sincerely,



Michael B. Donahue
Senior Credit Officer

Agreed and Accepted.

NORTHERN COMMUNITY INVESTMENT CORPORATION

By: Mark E. Butterfield Date: 12/5/16

Name: Mark E. Butterfield

Title: Business Resource Manager

LOAN PARTICIPATION AGREEMENT

This **LOAN PARTICIPATION AGREEMENT** (this "Agreement") is made as of this _____ day of _____, 2016 by and between **Northern Community Investment Corporation**, a New Hampshire nonprofit tax exempt corporation with its principal office in St. Johnsbury, the County of Caledonia and the State of Vermont (the "Lead Lender"), and the **New Hampshire Business Finance Authority** ("Participant").

WITNESSETH:

WHEREAS, Lead Lender has made a loan to _____ in the original principal amount of \$_____ (the "Loan"), as evidenced by Loan Documents as that term is defined in Section two (2) below. The Loan, the guarantees described in Section two (2) below, and the security for the Loan are described in a commitment letter from Lead Lender to Borrower dated _____, a copy of which is attached hereto as Appendix A; and

WHEREAS, Lead Lender has agreed to sell to Participant a participation interest in the Loan and Participant has agreed to purchase from Lead Lender a participation interest upon the terms hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Participation Interest – Lead Lender hereby sells and assigns to Participant, without recourse, and Participant hereby purchases and accepts from Lead Lender an undivided _____ percent (____%) interest (the "Participation Interest") in and to the Loan and the related Loan Documents defined in Section two (2) below, in exchange for the payment of the sum of _____ Dollars (\$ _____) by Participant to Lead Lender.
2. Loan Documents: Collateral – The Loan and related loan documents sold and assigned by Lead Lender and purchased and accepted by Participant include the following documents and instruments, all dated as of _____, 2016, and hereinafter sometimes referred to collectively as the "Loan Documents":
 - a. Loan Agreement by and between Lead Lender and Borrower;
 - b. Promissory Note executed by Borrower;
 - c. Guarantee of _____
 - d. Guarantee of _____
 - e. Security Agreement between Lead Lender and Borrower
 - f. Uniform Commercial Code (UCC) Financing Statement

- g. Insurance policies required to be maintained by Borrower under Loan Agreement.

3. Loan Interests; Funding –

- a. Lead Lender and Participant shall participate in and contribute to the principal amount of the Loan not in excess of the following amounts and percentages:

<u>Lenders</u>	<u>Dollar Amount</u>	<u>Percentage</u>
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Participant:

New Hampshire Business
Finance Authority.

Lead Lender:

Northern Community
Investments Corporation

TOTAL:	\$ _____	100%
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- b. Funding of Participant's share of the Loan shall occur on the date of this Agreement.
 - c. Any and all losses shall be borne on a pro-rata basis by Lead Lender and Participant in accordance with their respective interests in the Loan and the security therefor and funds advanced by Lead Lender to Borrower under and in accordance with the Loan Documents shall be reimbursed on a pro-rata basis by Participant.
4. Other Lending to Borrower; Subordination – The parties acknowledge that Lead Lender may make additional loans (the "Other Loans") to Borrower or its affiliates in the future, which may be secured and cross-collateralized by the Collateral. The parties further acknowledge and agree that by execution of this Agreement, Lead Lender hereby subordinates those Other Loans in favor of the Loan, but only to the extent that the Loan shall have a priority position with respect to the Collateral over the Other Loans. Said subordination shall remain in full force and effect until all sums due under the terms of the Loan Documents are paid and satisfied in full, or until Participant's pro-rata share thereof is paid off, whichever occurs first. Except as expressly provided herein, this Agreement shall not be deemed to affect any Other Loan transaction, or limit Lead Lender's ability to cross-collateralize any such Loan Transaction, entered into after the

date hereof nor shall it limit the ability of Lead Lender to make Other Loans secured by collateral other than the Collateral nor shall it be deemed a subordination of any claim or lien Lead Lender may have against collateral securing such Other Loans other than the Collateral.

5. Sharing of Payments and Collateral –

- a. Lead Lender and Participant shall each be deemed to have an interest in (i) all amounts paid to or received by Lead Lender and Participant from all sources which are applied against principal, interest, fees, and/or charges for the Loan, (ii) the Collateral and any proceeds thereof, and (iii) the proceeds of any and all of the policies of title, fire and hazard insurance required under the Loan Documents, based on their pro-rata interests in the Loan.
- b. Subject to the foregoing and except as otherwise specifically provided for herein, the participation of each party hereto shall be concurrent and undivided, and neither Lead Lender nor Participant shall have priority or preference over the other. Lead Lender and Participant shall share proportionately in the receipt of principal, interest and fees as paid by Borrower based on their pro-rata interest in the Loan.
- c. With the exception of any fees or charges assessed by Lead Lender for the origination and making of the Loan, Participant shall be entitled to a pro-rata share of any other fees and charges paid by Borrower to Lead Lender from time to time in connection with the Loan.

6. Participant's Obligation to Pay Fees, Costs and Expenses – Participant shall be responsible to pay its pro-rata share of any fees, costs or expenses reasonably incurred by Lead Lender in the administration, monitoring and enforcement of the Loan and the Loan Documents to the extent not otherwise reimbursed to Lead Lender by Borrower. Participant shall not be liable for the payment of any origination fee relating to the Loan.

7. Lead Lender Representations and Warranties – In order to induce Participant to enter into this Agreement, Lead Lender represents, warrants and agrees that:

- a. It has in its possession, and has furnished to Participant, a true and complete copy of each of the Loan Documents except where the original is in the process of being recorded, in which circumstance, Participant has or will have in its possession a conformed copy;
- b. Upon execution and delivery of this Agreement and payments to Lead Lender of Participant's pro-rata shares of the principal amount of the Loan, Lead Lender shall collect all payments of principal and interest on the Loan and shall hold such payments for distribution to Participant to the extent of Participant's pro-rata interest therein;

- c. Lead Lender holds a valid security interest in the collateral described in the Security Agreement;
- d. The Financing Statement has been properly filed in the office of the New Hampshire Secretary of State;
- e. Lead Lender has in its possession and has furnished Participant a copy of the policy, or policies, or certificates of insurance as required under the Loan Documents;
- f. To Lead Lender's knowledge, based solely upon one or more opinions of Counsel to Borrower, copies of which have been provided to Participant, and without Lead Lender having made any independent inquiry, each of the Loan Documents is the valid and binding obligation of Borrower, enforceable in accordance with its respective terms (subject to applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization or other laws affecting creditors' rights generally) and in conformity with all applicable federal, state and local statutes, ordinances, regulations and rules (including without limitation applicable laws governing the making of loans or extension of credit);
- g. The Loan is presently in accrual status.

8. Loan Administration –

- a. Lead Lender shall: (i) manage and administer the Loan in accordance with the Loan Documents and this Agreement in the same manner as it would if it had not sold a participation interest, (ii) endeavor to exercise the same care as it exercises in the care of loans in which it alone is interested, and (iii) hold all funds collected on the Loan for the benefit of itself and Participant, according to their respective pro-rata interests. Lead Lender will indemnify and hold harmless Participant for any loss on damage, costs and expenses (including reasonable attorney's fees) to the extent found to have been caused by Lead Lender's gross negligence or willful misconduct in administering, servicing or enforcing the Loan, and Lead Lender agrees that, in performing such duties, it shall be acting on behalf of Participant as well as itself. Lead Lender will use reasonable efforts to ascertain the occurrence of any default under any of the Loan Documents and will take such other actions as are reasonably necessary in order to monitor and administer the Loan.
- b. Lead Lender shall diligently collect, for the benefits of itself and Participant, the principal and any interest due on the Loan under the Loan Documents and all other charges, fees and payments due or collectible in connection with the Loan, as the same becomes due, collectible or payable (all such payments including

prepayments are hereinafter referred to as "Payments"). Any Payments received or obtained from Borrower, including payments obtained through the exercise of the right of set-off, shall be held by Lead Lender for the benefit of Participant to the extent of Participant's respective pro-rata interest thereof until disbursed to Participant. Lead Lender shall promptly account and pay and remit to Participant its proportionate share of all such payments to Participant's office at the location herein provided, and in no event later than five (5) business day after receipt thereof by Lead Lender.

- c. Lead Lender shall use due diligence to recover from Borrower all expenses properly incurred by it and Participant which are reimbursable by Borrower and shall remit to Participant its pro-rata share thereof to the extent paid by or incurred by Participant. If such payments are paid by Lead Lender, it shall retain all such payments to the extent it has made payments on account of the administration of the Loan. If Lead Lender incurs expenses that have not been reimbursed by Borrower, Participant shall pay its pro-rata share of such costs and expenses as may be reasonably incurred by Lead Lender in the administration and enforcement of the Loan. If Lead Lender is subsequently reimbursed by Borrower, Lead Lender shall pay over to Participant its pro-rata share of such reimbursement received from Borrower. Any additional security or insurance coverage received for or in connection with the Loan at any time by Lead Lender shall be deemed to be for the benefit of Lead Lender and Participant as their interests appear.

9. Loan Modification: Enforcement --

- a. Without prior written notice to Participant, Lead Lender shall not: (i) release, modify, exchange or agree to the substitution of any portion of the Collateral, except as expressly provided under the Loan Documents; (ii) release the liability of, or waive any claim against, any borrower, guarantor, endorser or any other party liable for the payment or guaranty of the Loan; (iii) grant any concession with regard to the payment of indebtedness due from Borrower to Lead Lender under the Loan; (iv) approve the creation of any liens against any of the Collateral superior to the liens securing the Loan; (v) consent to any cancellation, termination, restructuring or modification of any of the Loan Documents; (vi) accelerate the Loan, or initiate any legal proceeding (including a foreclosure or replevin action) to enforce any lien on real or personal Collateral; (vii) increase the principal amount of the Loan; (viii) make any representations to Borrower regarding Participant's participation in other loans of Borrower, whether now existing or to be made in the future.
- b. Lead Lender shall promptly (and in no case later than five (5) business days) after Lead Lender's learning of the same, notify Participant, orally or in writing, of the existence and nature of any default in payment by Borrower under the Loan, any material default under the Loan Documents, any condemnation proceedings, or any damage or destruction of any of the Collateral. Lead Lender

shall keep Participant fully informed in connection with the declaration of any material default, acceleration of indebtedness, loan workout arrangements and commencement of any action or proceeding relating to the Loan, including foreclosure or replevin proceedings.

- c. Participant acknowledges and agrees that as Borrower has voluntarily granted a security interest to secure the Loan, Lead Lender shall have complete authority to administer the Loan, including any Loan modification or enforcement, and is not required to consult with or obtain the agreement of Participant to its actions, but Lead Lender does have the obligation, as provided above, to give notice to and keep Participant informed.
10. Acquisition of Title to Collateral – In the event that Lead Lender acquires title to any portion of the Collateral, whether by foreclosure or other legal remedies, it is agreed that subject to Section four (4) above, such acquisition shall be in the name of Lead Lender for the benefit of itself and Participant, and that the respective proportionate interests of Lead Lender and Participant shall apply to the ownership of the Collateral, each of Lead Lender and Participant being deemed to have an undivided proportionate interest therein; and all gains and losses resulting from the sale thereof and all other sums received or costs reasonably incurred by Lead Lender in connection with the ownership, operation and maintenance of the Collateral shall be shared in accordance with the proportionate interests of Lead Lender and Participant. During the period of any ownership of the Collateral, Lead Lender and Participant shall reasonably consult with each other in respect to the collection and sale of any real or personal property held as Collateral; and Lead Lender and Participant shall each be required to consent to the terms and conditions relating to any disposition of the Collateral, or any part thereof, or interest therein, which consent shall not be unreasonably delayed or withheld.
 11. Lead Lender Set-Off – Lead Lender agrees that, notwithstanding the existence now or in the future of any other indebtedness of Borrower to it, the exercise of any right of set-off by Lead Lender shall be first applied in full to reduce the outstanding indebtedness under the Loan, before any such amounts are set off against other debts of Borrower under any Other Loans from Lead Lender, giving effect to the subordination as contemplated in Section four (4).
 12. Lead Lender Standard of Care – Lead Lender, in performing its obligations hereunder, will endeavor to exercise the same care that it exercises in the making and handling of loans and security for its own account, but Lead Lender does not assume any further responsibility. Except as expressly set forth herein, Lead Lender shall have no other duties or responsibilities to Participant and shall not be responsible to Participant for:
 - a. any recitals, statements, representations or warranties made by Borrower or any other person, guarantor, or entity contained in any Loan Document or any certificate or other document referred to or provided for in, or received by, Lead Lender under any of the Loan Documents;

- b. the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Loan Document, except as to the genuineness of endorsements or signatures by Lead Lender or Lead Lender's agents, and except also as otherwise warranted in Section seven (7) f of this Agreement;
 - c. any failure by Borrower, or any guarantor to perform or observe their obligations under any of the Loan Documents;
 - d. any defense to payment or performance asserted by Borrower or any guarantor; provided that Lead Lender shall have acted in good faith and in a commercially reasonable manner with respect thereto and Lead Lender hereby represents that, to Lead Lender's knowledge, it has not received any notice of any such defense or alleged defense;
 - e. the collectability of the amounts due under any of the Loan Document; or
 - f. the financial condition of Borrower.
13. Participant's Independent Analysis and Decision – Participant represents and warrants that it has independently made its own credit analysis and its investment decision to enter into this Agreement, pursuant to its credit underwriting standards. Participant warrants that it is buying the participation interest based on its independent review of Borrower and the Loan Documents and any information furnished to it by Lead Lender that Lead Lender has received from Borrower.
14. Lead Lender Reliance – In acting as Lead Lender, Lead Lender may employ agents and attorneys-in-fact and shall not be answerable for the negligence or misconduct of any such agents or attorneys-in-fact selected, provided reasonable care was utilized in selecting such agents and attorneys-in-fact, and further provided that such negligence or misconduct was not occasioned by Lead Lender's gross negligence or willful misconduct. Lead Lender shall be entitled to rely upon any certificate, notice or other documents believed by Lead Lender in good faith to be genuine and correct and to have been signed by, sent to, or on behalf of the proper person or persons. Lead Lender shall be entitled to consult with legal counsel, independent accountants and other experts and shall not be liable for any action taken or omitted to be taken in good faith by Lead Lender in accordance with the advice of such counsel, accountant or other expert. Neither Lead Lender nor any of its respective directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by Lead Lender or them in connection with the Loan hereunder, except for Lead Lender's gross negligence or willful misconduct.
15. Notice of Participation – Upon execution of this Agreement, Lead Lender shall give proper notice to Borrower that Participant has acquired from Lead Lender a ____% interest in and to the Loan and the Loan Documents and that in connection therewith, Lead Lender has assigned to Participant a proportionate interest in and to the payments

made under the Loan, the Collateral, and in proceeds of any insurance policies relating to the Loan.

16. Loan Books and Records – Lead Lender shall at all times maintain complete and accurate books of account and records reflecting the respective interests of Lead Lender and Participant in the Loan and the security therefor; and such books and records shall be kept in a manner satisfactory to the auditors of Participant and shall be available at Lead Lender’s principal office for inspection by duly authorized representative of Participant and by any state or federal regulatory agency having jurisdiction over Lead Lender, upon request during regular business hours.
17. Loan Documents – Lead Lender shall have custody of and maintain in its possession, for itself and for Participant, the Loan Documents and has delivered true and complete conformed copies thereof to Participant. Lead Lender shall promptly deliver to Participant and otherwise make available to it, true and complete copies of all relevant documents and information in its possession relating to the financial condition, creditworthiness and business and prospects of Borrower at all times until repayment of the Loan in full according to the respective terms of the Loan Documents.
18. Sale Without Recourse: No Assignment – The sale of the Participating Interest by Lead Lender to Participant shall be “Without Recourse”. Participant bears the credit risk of loss on the participation interest purchased and Lead Lender is not obligated to repurchase the participation if the Loan goes into default. Neither party may sell or assign its interest in the Loan, either in whole or in part, without the written consent of the other party.
19. Notices – All notices, demands, requests or other communications which may be or are required to be given, served or sent by either party to the other shall be in writing, and shall be deemed to have been properly given when sent to certified or registered mail or by facsimile transmission, or email, provided the original is forwarded to the addresses via first class mail, postage prepaid, in either case to:

Lead Lender:

Northern Community Investment Corporation
Attn: Jon Freeman, President
51 Depot Square, Suite 2
St. Johnsbury, VT 05819
802-748-1884 (Fax)
jfreeman@ncic.org

Participant:

New Hampshire Business Finance Authority
2 Pillsbury Street, Suite 201

Concord, NH 03301-4954
603-415-0194 (Fax)
Email _____

The parties shall be responsible for notifying each other of any changes in address.

20. No Obligations Until Agreement Signed – No party shall have any obligations to perform under the provisions of this Agreement until and unless all parties have executed this Agreement.
21. No Joint Venture: No Third Party Beneficiaries – Neither the execution of this Agreement, nor the sharing of the Loan or the Collateral, nor any agreement to share in the profits or losses arising as a result of this transaction, is intended to be, nor shall it be construed to be, the formation of a joint venture or partnership between Lead Lender and Participant; nor is this Agreement intended to be, nor shall it be construed to be for the benefit of any third party not a signatory hereto.
22. Participation Not a Security – The parties intend that the interests in the Loan sold by Lead Lender to Participant pursuant hereto shall not be deemed to be a security within the meaning of the Securities Act of 1933 or the Securities Exchange Act of 1934, nor under any similar state blue-sky law or regulation.
23. General – Lead Lender and Participant agree that this Agreement may not be modified except by a writing, signed by all of the parties or their successors or permitted assigns in interest. This Agreement shall inure to the benefit of and shall be binding upon Lead Lender and Participant and their respective successors and permitted assigns. In the event of any action for breach of this Agreement, no party is entitled to special or consequential damages. This Agreement sets forth the entire agreement between the parties relating to the subject matter hereof. This Agreement may be executed simultaneously, in counterparts, each of which shall be considered an original, but all of which together shall constitute one instrument. This Agreement is intended to create obligations under seal, and to be construed in accordance with the laws of the State of Vermont.

Northern Community Investment Corporation

By: _____
Name: Jon Freeman
Title: President

STATE OF VERMONT
COUNTY OF CALEDONIA, ss

On this _____ day of _____, 2015 personally appeared Jon Freeman, President, and acknowledged that the signing of this document was his free act and deed and the fee act and deed of Northern Community Investment Corporation.

Notary Public
My commission Expires on 02/10/19

New Hampshire Business Finance Authority

By: _____
Name:
Title:

STATE OF VERMONT
COUNTY OF _____, ss

On this _____ day of _____, 2015 personally appeared _____, _____, and acknowledged that the signing of this document was his/her free act and deed and the fee act and deed of Vermont Community Loan Fund, Inc.

Notary Public
My commission Expires on 02/10/19

PARTICIPATION CERTIFICATE

This Certificate is evidence that a participation interest in the amount set forth below in the Loan identified below, pursuant to the terms of the Participation Agreement dated _____, 2015 (the "Agreement") between Northern Community Investment Corporation ("Lead Lender") and New Hampshire Business Finance Authority ("Participant"), belongs to and is now held by Participant. Subject to the terms of such Agreement and to the extent that Lead Lender receives amounts from Borrower (as defined below), or from the collateral or other security, Lead Lender will pay to Participant its respective share of the principal and interest at the rates set forth below:

BORROWER:

AMOUNT OF LOAN: \$ _____

INTEREST RATE: Eight and one half (8.50%) percent per annum

LEAD LENDER: Northern \$ _____ and (_____ %)
Community Investment Corporation

PARTICIPANT: New Hampshire \$ _____ and (_____ %)
Business Finance Authority

Dated at St. Johnsbury, Vermont this _____ day of _____, 2016.

Northern Community Investment Corporation

By: _____
Name: Jon Freeman
Title: President

New Hampshire Business Finance Authority

By: _____
Name:
Title:

December, 8 2016

Business Finance Authority of
the State of New Hampshire
2 Pillsbury Street, Suite 201
Concord, NH 03301

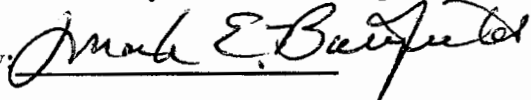
RE: Participation Loan to Northern Community Investment Corporation

Ladies and Gentlemen:

This letter shall evidence our agreement concerning a proposed 50% participation loan of the Business Finance Authority of the State of New Hampshire (the "Authority") with Northern Community Investment Corporation (the "Borrower"), a local development organization, in the principal amount of up to Seventy-Five Thousand Dollars (\$75,000) (the "Loan"). The Authority has issued to the Borrower its commitment to recommend that Governor and Council of the State of New Hampshire approve the Loan.

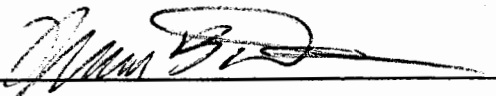
Northern Community Investment Corporation has determined that the Loan would promote orderly development of business in the Grafton County region and is consistent with local and regional development plans and policies. In accordance with RSA 162-A:7, II we agree upon the terms and conditions of the Loan as described in the commitment letter attached hereto as Exhibit A. We understand that no loan will be consummated without approval of Governor and Council of the State of New Hampshire.

Northern Community Investment Corporation

By: 

Business Finance Authority of the State of New Hampshire hereby agrees to recommend that Governor and Council approve the Loan as described above.

**Business Finance Authority of
the State of New Hampshire**

By: 

**A RESOLUTION REQUESTING AUTHORIZATION FOR A LOAN BY
THE BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
TO NORTHERN COMMUNITY INVESTMENT CORPORATION,
A LOCAL DEVELOPMENT ORGANIZATION,
PURSUANT TO THE AUTHORITY'S AID TO LOCAL DEVELOPMENT
ORGANIZATIONS PROGRAM**

I, the undersigned, HEREBY CERTIFY that the following are true and correct.

WHEREAS, **THE BUSINESS FINANCE AUTHORITY OF NEW HAMPSHIRE** (the "AUTHORITY") has been requested by **NORTHERN COMMUNITY INVESTMENT CORPORATION**, a local development organization organized and existing under the laws of the State of New Hampshire (the "LDO"), to participate in a loan with a local development organization, organized and existing under the laws of the State of New Hampshire, in the principal amount of up to Seventy-Five Thousand and no/100 dollars (\$75,000.00) (the "Loan") to be loaned to Secured Network Services, Inc.

WHEREAS, the Credit Committee of the Board of Directors of the Authority has recommended that the Authority make the Loan in accordance with the terms and conditions presented to the Board pursuant to a Loan Agreement to be executed by the Lender and the Authority;

WHEREAS, the Authority took official action with respect to the Loans by passing a resolution on November 21, 2016;

WHEREAS, the Authority has been furnished with (a) information and materials about the Borrower and the Loan, (b) the proposed terms and conditions of the Loan, (c) certain financial information concerning the LDO; and (d) other information, materials and assurances deemed relevant by the Authority;

IT IS HEREBY RESOLVED THAT:

1. Factual Findings. On the basis of the information, materials and assurances received by the Authority and considered by it, the Authority finds:

(a) The Loan would be evidenced by a three year participation agreement with Northern Community Investment Corporation (NCIC).

(b) The Lender would be the Northern Community Investment Corporation.

(c) The Authority is authorized and empowered under RSA 162-A:7 to make loans recommended by local development organizations to finance the acquisitions of real or personal property.

(d) The Loan will enable the LDO to further assist in the business development of the Grafton County area.

2. Special Findings.

(a) The Loan to be made by the Authority is consistent with local or regional development plans or policies.

3. General Findings.

(a) Making the Loan as proposed will serve a public use and provide a public benefit.

(b) Making the Loan as proposed is within the policy of, and the authority conferred by, RSA Chapter 162-A.

(c) Making the Loan as proposed will preserve or increase the social welfare or economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens.

(d) Making the Loan as proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

4. Determination and Recommendation. The Authority finds that making the Loan as proposed will serve a public use and provide a public benefit and determines that making the Loan as proposed will be within the policy of, and the authority conferred by the Act. The Authority recommends to His Excellency, the Governor, and The Honorable Council that they make findings and a determination similar to those set forth above, and for that purpose the Executive Director, Chairman, or Vice Chairman is authorized, empowered and directed to transmit to the Governor and Council copies of this resolution, the materials received by the Authority with respect to the Loan and any other documentation and information the Governor and Council may request.

5. Authorization of Agreement. The Authority hereby authorizes the execution and delivery of a letter of intent of the Authority by the Executive Director or the Senior Credit Officer of the Authority to the Lender, which letter of intent may propose the Loan by the Authority subject to the parameters, terms and conditions as presented to the Board by the Credit Committee. Subject to paragraph 6 below the Executive Director, Chairman or Vice Chairman is authorized, empowered and directed to execute and deliver a loan agreement on behalf of the Authority pursuant to the requirements of the Act which shall contain parameters, terms and conditions substantially consistent with those presented to the Board by the Credit Committee and the terms and conditions established by the Board, but subject to such changes and completion consistent with this resolution as the Executive Director, Chairman or Vice Chairman may approve, his signature

being conclusive identification of the loan purchase agreement, and completed and authorized by this resolution.

6. Actions Not to be Taken Until After Approval by Governor and Council. Except for the execution and delivery of the Authority's letter of intent by the Executive Director or the Senior Credit Officer of the Authority to the Lender, the actions authorized by paragraph 5 above shall not be taken until such time as Governor and Council have made the findings and determination required by the Act, it being the intent of the Authority that the various actions on its behalf which are authorized above are subject to the action of Governor and Council as required by the Act.

7. Other Actions by Officers. The Chairman, Vice Chairman, Executive Director, and Senior Credit Officer of the Authority are each authorized, empowered and directed to take all other actions and execute, deliver or receive such instruments and certificates as each of them may determine are necessary on behalf of the Authority in connection with the transactions authorized by the preceding paragraphs of this resolution, but subject in all events to paragraph 6 hereof.

8. Effective Date. This resolution shall take effect upon its passage.

IN WITNESS WHEREOF, I have set hereunto my hand and affixed the seal of the Business Finance Authority of the State of New Hampshire on this 21st day of November, 2016.

BUSINESS FINANCE AUTHORITY
THE STATE OF NEW HAMPSHIRE



By: _____

Jack Donovan
Executive Director

SUMMARY OF REQUIRED STATUTORY FINDINGS OF THE GOVERNOR AND COUNCIL UNDER RSA 162-A:18

The materials appearing in quotations below are extracts from RSA 162-A:18. The complete text of RSA 162-A:18 is attached to this summary.

General Findings

1. "The proposed action will serve a public use and provide a public benefit."

The proposed loan agreement by and between the Authority and the Borrower (the "Loan Agreement") and the "Note" and the "Security Instruments", as defined in the Loan Agreement contain commercially prudent financial safeguards and workable provisions designed to lessen the potential of the Authority's loss in the event of default by the Borrower. (Tab 5) The Authority has determined that the proposed loan would enable Northern Community Investment Corporation to further assist business development opportunity for the Grafton County region. (Tab 6) The materials and information furnished and the findings described below support, and enable the making of, this general finding.

2. "The proposed action is within the policy of, and the authority conferred by, this chapter."

The Loan Agreement and the Agreement with Northern Community Investment Corporation implement and incorporate all statutory requirements. (Tab 5 and 6) The Authority, which is the agency responsible for administration of RSA 162-A, has determined that the proposed Loan by the Authority is within the policy of, and the authority conferred by RSA Chapter 162-A. (Tab 7) The materials and information furnished and the findings described below support, and enable the making of, this general finding.

3. "The proposed action will preserve or increase the social welfare of economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens."

The proceeds of the loan would be used by the Borrower to relend to Secured Network Services, Inc., to finance working capital which will facilitate significant employment opportunities to residents of the state (Tabs 3, 4, 5 and 6).

4. **"The proposed action will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment."**

The Borrower's loan to Secured Network Services, Inc., would offer significant employment opportunities to residents of the state and provides substantial business and social activities for the region (Tabs 3 and 4). The Authority has determined that the proposed loan would promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment (Tab 6).

Special Findings

5. **"The loan is consistent with local or regional development plans or policies."**

The Borrower, a local development organization, has determined that the loan would provide business development in the Grafton County region. The Authority has determined that the loan is consistent with local or regional development plans or policies (Tab 6).