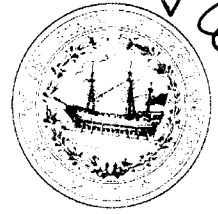




The State of New Hampshire
Department of Environmental Services

Robert R. Scott, Commissioner



November 15, 2017

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a loan agreement with the Tyrol Well "A" Association (VC# 226009), Jackson, NH in the amount not to exceed \$235,000 to finance water system improvements subject to conditions as outlined in documents substantially in the form presented, under the provisions of RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. effective upon Governor & Council approval. 100% Drinking Water State Revolving Loan Fund (DWSRF) Repayment Funds.

Funding is available in the account as follows:

03-44-44-441018-4791-301-500833	<u>FY 2018</u>
Dept Environmental Services, DWSRF Loan Repayments, Loans	<u>\$235,000</u>

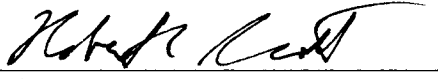
EXPLANATION

The purpose of this loan agreement is to authorize the Tyrol Well "A" Association to borrow up to \$235,000 from the Drinking Water State Revolving Loan Fund (DWSRF) to finance water system improvements. The improvements include raising the existing wellhead, and installing a storage tank and enclosure for controls and pumps. The project will improve the safety and reliability of the water system.

The final loan amount will be based on the total DWSRF funds disbursed, and may be less than \$235,000. The loan interest rate may be adjusted downward if the DWSRF loan rate in effect upon project completion is less than the current rate of 2.424%.

The DWSRF is authorized by RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. There is currently a balance of \$12,448,090 in the DWSRF available for new loans. Attached is a tabulation of the DWSRF showing the effect of this loan on the funds available for loans.

We respectfully request your approval.



Robert R. Scott
Commissioner

His Excellency, Governor Christopher T. Sununu
and the Honorable Council

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DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

Supplemental information to Governor and Council request of the loan agreement(s) under RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. for the public water system(s) listed below.

This request will affect the balance of the loan funds as follows.

	<u>REPAYMENT</u>
Repayment Account (Balance as of 11/9/17)	<u>\$13,948,090</u>
Less Loans Previously Approved	<u>\$1,500,000</u>
Funds Available for Loans	\$12,448,090
 New Loans Being Requested	
Tyrol Well "A" Association (Project #: 1212140)	(235,000)
Net Change to Loan(s)	<u>(235,000)</u>
 Balance Available After G & C Approval	 <u><u>\$12,213,090</u></u>

CLOSING AGENDA

STATE OF NEW HAMPSHIRE STATE DRINKING WATER REVOLVING LOAN FUND

RE: LOAN TO THE TYROL WELL "A" ASSOCIATION
COMMUNITY WATER SYSTEM
JACKSON, NEW HAMPSHIRE
Project #1212140

DATE: _____

- | | | |
|----|--------------------------------|-------|
| 1. | State of New Hampshire | "SNH" |
| 2. | The Tyrol Well "A" Association | "B" |
| 3. | State's Counsel, David Howe | "DMH" |

No.	Item:	Responsible Party:
1	Certified Copy of Articles of Association	B
2	Certified Bylaws of Borrower	B
3	Certificate of Existence of Borrower	B
4	Certificate of Resolution of Borrower	B
5	Description of Premises (Exhibit A)	B
6	Schedule of Costs (Budget) (Exhibit B)	B
7	Loan Agreement	SNH
8	Promissory Note (Exhibit C)	SNH
9	Security Agreement	SNH
10	Collateral Assignment of Contracts, Plans and Permits	SNH
11	Mortgage Deed	SNH
12	Title Insurance Policy	B
13	UCC-1 Financing Statement	DMH
14	Certificate of Insurance <i>Certificate of liability and casualty insurance addressed to the State with the State as an additional insured as to liability and mortgagee and loss payee</i>	B
15	UCC Search	SNH
16	Governor and Council approval	SNH
17	399-B Disclosure	SNH

STATE OF NEW HAMPSHIRE
DEPARTMENT OF ENVIRONMENTAL SERVICES
STATE DRINKING WATER REVOLVING LOAN FUND

Loan Agreement

THIS LOAN AGREEMENT (the "Agreement"), dated _____, 2017, has two parties:

- (1) the State of New Hampshire (the "State"), whose address is c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095, and
- (2) the following person which is borrowing funds from the State:

The Tyrol Well "A" Association
264 Switchback Way
P.O. Box 483
Jackson, NH 03846
(the "Borrower")

FUNDAMENTAL PREMISES FOR THIS AGREEMENT

A. Pursuant to New Hampshire Revised Statute Annotated ("RSA") 486:14 the State has established a revolving loan fund for financing water pollution control and drinking water improvement projects within the state. Federal financial assistance provided through Capitalization Grants for Drinking Water State Revolving Funds (CFDA #66.468) may comprise all or a portion of the Principal Sum.

B. The Borrower is a non-profit New Hampshire corporation that owns and operates a community water system for 14 single family residences located in Jackson, New Hampshire. Currently, the water system serves approximately 45 people. The Borrower intends to borrow up to \$235,000 to make improvements to the public water system. These improvements include raising the existing wellhead, and installing a storage tank and enclosure for controls and pumps.

C. The State has determined that the Borrower's request for a loan financing the cost of the Project and made in accordance with this Agreement is eligible for funding from the Drinking Water Fund in accordance with guidelines adopted pursuant to RSA 486:14.

TERMS AND CONDITIONS OF THIS AGREEMENT

The State and the Borrower agree as follows:

1. Definitions. The following terms shall have the meanings indicated:

“Construction Contract” means the agreement between the Borrower and a contractor for construction of the Improvements.

“Contractor” means the contractor who enters into the Construction Contract.

“State” means the State of New Hampshire, Department of Environmental Services.

“DWSRF” means the State Drinking Water State Revolving Fund under RSA 486:14.

“Engineer” means the engineer or construction supervisor who enters into the Engineering Contract is an employee of the Borrower and in either case is approved by the State.

“Engineering Contract” means the agreement between the Borrower and an engineer for engineering the design of the Improvements or construction supervision services.

“Event of Default” has the meaning provided in Section 8.

“Hazardous Materials” have the meaning provided in Section 10.1(a).

“Improvements” mean the improvements to be constructed in accordance with the Plans.

“Legal Requirements” have the meaning provided in Section 10.1(b).

“Loan Proceeds” have the meaning provided in Section 2.

“Note” means the Borrower’s Promissory Note of even date herewith in the principal amount of \$235,000 payable to the order of the State in the form attached hereto as Exhibit C.

“Plans” mean the plans, specifications, drawings furnished and acceptable to the State.

“Premises” mean the real property and real property interests described in Exhibit A. attached hereto.

“Security Instruments” mean the Mortgage, the Security Agreement of near or even date herewith between the Borrower and the State, the Collateral Assignment of Contracts, Plans and Permits of near or even date herewith of the Borrower to the State and any other instruments now or hereafter securing the Note.

“Total Budget” means the budget for all costs of constructing and equipping the Improvements set forth in Exhibit B.

2. State’s Agreement to Disburse Proceeds. Provided the terms, covenants and agreements hereof shall be observed and performed, the State agrees to make disbursements to the Borrower of, and the Borrower agrees to borrow from the State, an amount not to exceed the total principal amount of the Note (such disbursements made, from time to time hereafter, being hereinafter referred to as the “Loan Proceeds”).

3. Representations

3.1 Representations of Borrower. The Borrower represents and warrants as follows:

(a) Recitals. The Recitals set forth at the beginning of this Agreement are true and correct;

(b) Plans. The Borrower will file the Plans with all governmental authorities having jurisdiction with respect to the Improvements;

(c) Approvals. The Borrower will obtain all necessary approvals of the Plans and all necessary permits for the construction of the Improvements from all governmental authorities having jurisdiction over the Improvements;

(d) No Violation. Construction of the Improvements will not violate any zoning, environmental, subdivision or land use ordinance, regulation or law;

(e) Water Distribution Rights. The Borrower holds all property rights and other interests or licenses necessary for the ownership and operation of its water distribution system;

(f) No Litigation. To the best of Borrower’s knowledge, no litigation or proceedings are pending or threatened against the Borrower or the Premises;

(g) Financial Statements. The balance sheets and financial statements of Borrower, which were submitted in connection with Borrower’s request for the loan contemplated herein, were prepared on a basis consistent with that of preceding periods and are complete and correct and fairly present the financial condition of the Borrower as of the applicable dates. The Borrower has no contingent obligations, liabilities for taxes or unusual forward or long-term commitments except as in the foregoing financial statements specifically mentioned. Since the date of such financial statements, there has been no material adverse change in the financial condition of the Borrower;

(h) Due Organization and Authority. The Borrower is a corporation duly organized under the laws of the State of New Hampshire and is in in good standing under the laws of the State of New Hampshire. The Borrower has the power and authority to own its properties and to carry on business as now being conducted and is qualified to do business in every jurisdiction

where such qualification is necessary and has the power to execute and deliver, and perform its obligations under this Agreement, the Note and the Security Instruments;

(i) No Conflict; No Required Approvals. The execution and delivery and performance by the Borrower of its obligations under this Agreement, the Note and each of the Security Instruments have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which the Borrower is a party, or by which it is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be provided by this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower pursuant to, any such indenture, agreement or instrument. The Borrower is not required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any governmental instrumentality or other agency in connection with or as a condition to the execution, delivery or performance of this Agreement, the Note or the Security Instruments except certain approvals of the Drinking Water and Groundwater Bureau of the New Hampshire Department of Environmental Services and certain local permits with respect to the construction of the Improvements;

(j) Bankruptcy. Any borrowings made by the Borrower under this Agreement do not and will not render the Borrower insolvent; the Borrower is contemplating the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidating of all or a major portion of its property, and the Borrower has no knowledge of any person contemplating the filing of any such petition against it, including the properties and assets reflected in its financial statements referred to herein;

(k) No Material Misstatement. No statement of fact made by or on behalf of the Borrower in this Agreement or in any certificate or schedule furnished to the State pursuant thereto, contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to the Borrower that has not been disclosed to the State that materially affects adversely, nor as far as the Borrower can foresee, will materially affect adversely the property, business, operations or conditions (financial or otherwise) of the Borrower;

(l) Taxes. The Borrower has filed all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments;

(m) Enforceability. This Agreement, the Note and each of the Security Instruments, upon execution and delivery, will be the valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, and will not violate any other agreements or instruments to which the Borrower is a party or by which the Borrower is bound;

(n) No Broker. The making of the loan contemplated hereunder or the State's acquisition of the Note or any of the Security Instruments will not subject the State to any claim for a brokerage commission; and

(o) Total Budget. Exhibit C attached hereto contains and will contain a complete and full enumeration of all costs (hard, soft and acquisition) that Borrower anticipates will be incurred in connection with the construction, the development and equipping of the Improvements and in connection with the starting up of the operation of the Improvements.

3.2 Survival of Representations. Each of the foregoing representations and warranties shall survive the making of the loan hereunder, and the Borrower shall indemnify and hold harmless the State from and against any loss, damage or liability attributable to the breach thereof, including all fees and expenses incurred in the defense or settlement of any claim arising therefrom against the State.

4. Conditions Precedent. The State's obligation to advance any of the Loan Proceeds shall be subject to the satisfaction of the following conditions precedent:

(a) Insurance. The Borrower shall deliver an updated insurance certificate evidencing casualty and/ or builders risk insurance for the Premises with the State listed as loss payee;

(b) Loan Documents. The Borrower shall have executed and delivered to the State the Note and each of the Security Instruments other than the Mortgage, each of which shall be in form and substance satisfactory to State;

(c) Construction Contract. The Borrower shall prepare a public bid offer for the Construction Contract, which shall be reviewed and approved by the State. The Borrower shall receive authorization to award contract from the State and enter into the Construction Contract with the Contractor in accordance with the requirements of such contract, and the Borrower shall have assigned its rights thereunder to State by an assignment in form and substance satisfactory to State;

(d) Engineering Contract. Unless the Engineer is an employee of the Borrower, the Borrower shall prepare a request for qualifications for the Engineering Contract; the Borrower shall have entered into the Engineering Contract in accordance with the requirements of such request, and the Borrower shall have assigned its rights thereunder to the State by an assignment in form and substance satisfactory to State;

(e) Assurances. The State shall receive written assurances from the Engineer and the Contractor that the State shall have the same rights as the Borrower to the continued use of the Plans, and all services related thereto for the construction of the Improvements;

(f) Plans. The Borrower shall have delivered a complete copy of the Plans to the State which Plans shall be satisfactory to the State in all respects;

(g) Environmental Review. The State has received an environmental report and has been completed with respect to the Premises satisfactory to the State;

(h) Additional Instruments. The State shall have received such additional instruments, certificates, opinions, surveys and other documents as the State may reasonably request;

(i) No Event of Default. No Event of Default (as defined herein) nor any event which with the giving of notice or passage of time, or both, would constitute an Event of Default shall have occurred;

(j) Mechanic's Lien Waivers. The Borrower shall provide the State with mechanic's lien waivers executed by the Contractor and all subcontractors relative to all work performed on Improvements before or as of the date hereof, together with the Borrower's written certification that it has complied with this Section 4(j); and

(k) UCC Search. The State shall have received a satisfactory report concerning liens and security interests affecting property of the Borrower.

5. Covenants of the Borrower. Until payment in full of all sums required to be paid by the Borrower under the Note and pursuant to the provisions of this Agreement or any Security Instrument, the Borrower shall:

(a) Construction. Enter into the Construction Contract, which shall be binding upon the Borrower and the Contractor and cause the Improvements and any utility facilities necessary for the operation of the Borrower's business or the occupancy of the Premises and the Improvements and not currently available to the Premises to be constructed, equipped and completed, with all reasonable dispatch, but in any event within twelve (12) months from the date hereof, in accordance with the Plans and all laws, rules, regulations and requirements of governmental authorities having jurisdiction with respect to the Improvements;

(b) Changes. Make no significant changes in or amendments to the Plans without first obtaining the written approval of the State and any governmental agency whose approval is required. Minor changes on project work that are consistent with the objectives of the project and within the scope of this agreement do not require the prior approval of the State;

(c) Inspection. Permit the State and its representatives to enter upon the Premises and inspect the Improvements and the Premises at all reasonable times and examine all detailed plans, drawings and specifications and any books and records relating to the Premises and the Improvements;

(d) Inadequate Loan Proceeds. If for any reason the amount of undistributed Loan Proceeds shall at any time be or become insufficient to pay for the completion of the Improvements, including: (i) all items set forth in the Total Budget, (ii) all incurred cost overruns and incurred costs for items not included in the Total Budget and (iii) all cost overruns and costs not included in the Total Budget that the State deems likely to be incurred, (regardless of how such condition may be caused) then prior to any further disbursement of Loan Proceeds, either (A) expend from funds other than Loan Proceeds an amount equal to such deficiency for amounts shown on the Total Budget, or (B) provide State with an unconditional and irrevocable

letter of credit in an amount equal to such deficiency from a bank and in form and substance satisfactory to State;

(e) Sign. Borrower shall erect a sign in accordance with the state specifications on the Premises at such location as the State in its reasonable discretion may determine, indicating that the Improvements are being financed by the State;

(f) Insurance. Maintain or cause to be maintained liability, casualty and/or builder's risk insurance (the latter to the extent commercially available and applicable) on the Improvements, any material or equipment stored on the Premises, and worker's compensation insurance with such companies, in such amounts and covering such risks as shall be satisfactory to the State and furnish such insurance policies to the State (premiums prepaid or, after failure of the Borrower to prepay the premiums or to procure such insurance policies, the State may procure any such insurance policies it deems satisfactory at the expense of the Borrower), insuring the interests of the Borrower and the State, as their respective interests may appear and, upon request, certificates evidencing such insurance coverage shall be promptly delivered to the State;

(g) Casualty. If the Improvements shall be damaged or destroyed by fire or any other casualty, proceed with the restoration thereof and diligently prosecute the work of restoration to completion, provided that the Loan Proceeds shall not be advanced to pay any part of the cost of such restoration;

(h) No Purchase Money Security Agreements, Etc. Neither purchase nor install materials, equipment, fixtures, furnishings, or any other part of the Improvements under purchase money security agreements, conditional sales contracts or lease agreements, or other arrangements wherein title to or a security interest in such property is retained or the right is reserved or accrues to anyone to remove or repossess any such property that is a part of the Improvements;

(i) Expenses. Pay the State's reasonable expenses (including attorneys' fees) that State incurs in the approval, making and administration of this loan if requested and itemized by the State, and in the enforcement of this Agreement, the Note and related documents;

(j) Cooperation. Cooperate fully with the State with respect to any proceedings before any court, board or governmental agency that may in any way affect the rights of the State hereunder or any rights obtained by the State under any of the Security Instruments and, in connection therewith, permit the State, at its election, to participate in any such proceedings;

(k) Preserve Licenses. Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all laws and regulations applicable to it;

(l) Taxes. Pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its respective income and profits or upon any of its property, real, personal or mixed, or upon any part thereof, before

the same shall become in default; provided that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and it shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim, so contested; and provided, further, that payment with respect to any such tax, assessment, charge, levy or claim shall be made before any of its property shall be seized or sold in satisfaction thereof;

(m) Notice of Proceedings. Give prompt written notice to the State of any proceedings instituted against it by or in any federal or state court or before any commission or other regulatory body, whether federal, state or local, which, if adversely determined, would have an adverse effect upon its business, operations, properties, assets, or condition, financial or otherwise;

(n) Financial Statements. If requested by the State, furnish to the State such information regarding its operation, assets, business affairs and financial condition, as the State may reasonably request and in particular shall furnish to the State (i) within ninety (90) days of the close of each fiscal year during the term of the loan annual financial statements of the Borrower, prepared on a basis consistent with previous periods and certified by the Borrower as fairly presenting the financial condition of the Borrower and otherwise in form and content reasonably acceptable to the State and (ii) as soon as practical after filing with the Internal Revenue Service a copy of the executed federal income tax returns of each of the Borrower with all schedules thereto. The Borrower shall use accounting, audit, and fiscal procedures as required by Env-Dw 1106.12;

(o) No Other Indebtedness. Not incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any indebtedness or liability, except:

(i) indebtedness to the State;

(ii) indebtedness with respect to trade obligations and other normal accruals in the ordinary course of business;

(iii) other debt to which the State consents (such consent not to be unreasonably withheld.

(p) [Intentionally left blank;]

(q) Construction Loan Notice. Within five (5) business days after the later of (i) execution of this Agreement or (ii) the recording of the Mortgage, post a notice provided by the State in a conspicuous place on the Premises and provide the State with written certification that the Borrower has complied with this paragraph; and

(r) Two Party Check Requirements. If any contract between the Borrower or its agent and any person furnishing services, material, supplies or other things shall provide that the disbursement of construction funds to pay such persons shall be by two-party check, the

Borrower shall provide, or cause its agent to provide, the State with a copy of such contract.

(s) DUNS Number. Shall obtain a Data Universal Numbering System (DUNS) number by visiting <http://fedgov.dnb.com/webform/>.

(t) Access to Records. Permit the Comptroller General of the United States, an appropriate Inspector General appointed under section 3 or 8G of the Inspector General Act of 1978 (5 U.S.C. App.), or an authorized representative of either of the foregoing officials, or of the State of New Hampshire to have access to and the right to:

- (i) Examine any of the Borrower's, the contractor's or any subcontractor's records that pertain to and involve transactions relating to this Agreement, the Construction Contract, the Engineering Contract or a subcontract thereunder; and
- (ii) Interview any officer or employee regarding such transactions.

The Borrower shall insert subparagraphs (i). and (ii). in the Construction Contract and require the Contractor to insert subparagraphs (i). and (ii). in all subcontracts thereunder.

(u) Prevailing Wage Requirement. Davis-Bacon (DB) prevailing wage requirements apply to the construction of the Improvements in accordance with the federal fiscal year (FY) 2014 Consolidated and Further Continuing Appropriations Act (P.L. 113-76). The Borrower shall insert in full in any contract in excess of \$2,000 which is entered into for Project construction the standard Davis-Bacon contract clause as specified by 29 CFR §5.5(a). The Borrower shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations must be approved by the state prior to being incorporated into solicitations and any subsequent contracts. The prime contractor shall insert in any subcontracts the applicable wage decision(s) and the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(v) American Iron and Steel. The Borrower agrees to comply with Section 436 of the Consolidated Appropriations Act, 2014 (P.L. 113-76), which requires that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Borrower has requested and obtained a waiver from the Environmental Protection Agency pertaining to the Project or (ii) the State has otherwise advised the Participant in writing that the American Iron and Steel Requirement is not applicable to the Project. The Borrower further agrees to maintain records documenting compliance with the American Iron and Steel Requirement, and to provide records and certifications to the State upon request.

(w) Debarment. Shall not knowingly award a construction contract to a contractor which has been debarred or suspended by the federal government. The Borrower or its agent

shall compare the names of contractors who have bid on the project against the searchable list in the federal “Excluded Parties List System” (EPLS) database, which can be found at <https://www.epls.gov/>; and

(x) Utilization of Disadvantaged Enterprises. Pursuant to 40 CFR, Section 33.301, make good faith efforts to utilize small, minority and women’s business enterprises whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained.

(y) Single Audit Act. The Borrower acknowledges that by accepting the Loan it will be a sub-recipient of federal financial assistance and, as such, subject to requirements of the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 (the “SAA”). The Borrower further acknowledges that, if the Borrower expends more than \$750,000 in federal financial assistance from all sources in any fiscal year, it must perform an SAA audit in accordance with the requirements of Office of Management and Budget Circular A-133. In that event, the Borrower shall provide the State with a copy of the SAA audit report within nine months of the end of the audit period.

(z) Asset Management. The Borrower is required to develop an asset maintenance and renewal plan for the asset(s) being funded under the loan or incorporate the funded asset(s) into an existing asset management plan. At a minimum the plan must include a commitment to asset management, a financing and implementation strategy and an inventory of the funded asset(s).

- (aa) Super Cross Cutters. The Borrower agrees to comply with the following:
- (i) Title VI of the Civil Rights Act
 - (ii) Section 13 of the Federal Water Pollution Control Act Amendments of 1972
 - (iii) Section 504 of the Rehabilitation Act of 1973
 - (iv) The Age Discrimination Act of 1975

6. Loan Disbursements.

6.1 Written Applications. Upon compliance with, and subject to, the provisions of this Agreement, and provided there shall exist no Event of Default and no condition or event which with the giving of notice or lapse of time would constitute such an Event of Default, the State shall, upon written application by the Borrower (made not less than fourteen (14) business days prior to the date of the requested disbursement under this Section 6 and made not more often than once a month), make disbursements to the Borrower from the Loan Proceeds in the amounts hereinafter specified, but not in any event to exceed in the aggregate the amount of the Loan Proceeds.

6.2 Amount of Disbursement. Each such disbursement for costs incurred by the Borrower shall be disbursed by the State from the Loan Proceeds in such a manner as to protect

the priority of State's lien as required by New Hampshire Revised Statutes Annotated 447:12-a. The amount of each disbursement shall represent the total costs incurred by Borrower and approved by State in conformance with the Total Budget as of any such date of the disbursement application, in excess of funds required to be provided and expended by Borrower under the terms hereof as of the date of said advance application, less any amounts previously advanced by State from the Loan Proceeds.

6.3 Application Documents. Each application for disbursement of the Loan Proceeds, must be accompanied by the following unless waived by the State in writing:

- (a) Invoices from engineer or consultant for services in accordance with the Engineering Contract, if any; or
- (b) A completed disbursement request form signed by an authorized representative of Borrower with the contractor's payment estimate and invoices, in form approved by State and with such backup information as State may reasonably request;
- (c) A certificate of the Engineer selected by or satisfactory to State, that all work performed at the site of construction as of the date the disbursement is requested has been performed in good and workmanlike manner, that all materials and fixtures usually furnished and installed at that time have been furnished and installed, all in accordance with the Plans, and that sufficient Loan Proceeds remain undisbursed to complete the Improvements in accordance with the Plans and the Total Budget;
- (d) [Intentionally left blank;]
- (e) A written certificate of the Borrower and the Contractor that each of them has received no affidavits or other notices in connection with the obtaining of a mechanic's lien by any contractor, subcontractor, materialman or laborer;
- (f) The Borrower's written certification that at least forty-eight (48) hours before the requested release of the advance the Borrower has posted a notice in a conspicuous place on the Premises of the anticipated funding date for the advance, together with a copy of such notice; and
- (g) Any other documents that the State shall reasonably request the Borrower to provide to protect the priority of the lien the Security Instruments, including without limitation, lien waivers of the Contractor or subcontractors.

6.4 Lien Releases or Waivers. In connection with any disbursement of Loan Proceeds, the State may require lien releases or affidavits from, or the submission of other appropriate forms by, the Borrower, the Contractor, subcontractors or materialmen as may be required by the State or the Title Insurance Company.

6.5 Quality of Work. No disbursement shall be made unless all work usually done at

the stage of construction when the disbursement is requested is done in a good and workmanlike manner and without defects, and all materials and fixtures usually furnished and installed at that time are furnished and installed, but the State may disburse all or part of any installments before the same shall become due if the State believes it advisable so to do, and all such disbursements or payments shall be deemed to have been made pursuant to this Agreement.

6.6 No Acceptance. The making of any disbursement or any part of a disbursement shall not be deemed an approval or acceptance by the State of the work theretofore done or of materials theretofore furnished.

6.7 Two Party Checks. Disbursements may be made, at the election of the State, by checks payable to the Borrower and the Contractor jointly, and delivered, at the State's election, either to the Borrower or the Contractor or any subcontractor or vendor; provided, however, that disbursement shall be by check payable to the Borrower and any Contractor or subcontractor for which the Borrower or its agent has supplied the State with a copy of a contract as provided in Section 5(r).

6.8 Limited Duty. The Borrower agrees that the State shall assume no duty with respect to disbursement of the Loan Proceeds except to disburse upon the conditions as set forth in this Agreement and that any sums disbursed by the State in good faith and in reliance upon this Agreement, or the Security Instruments, shall be secured by the lien of the Security Instruments.

6.9 Deemed Disbursements. Any sum which, in accordance with any provision of this Agreement shall be payable by the Borrower to the State shall, at the election of the State, be deemed a disbursement by the State to the Borrower pursuant to the provisions of this Agreement, and shall be charged against the Loan Proceeds and secured by the Security Instruments.

7. Completion of Improvements. Upon completion in full of the Improvements, the Borrower shall promptly deliver to the State:

(a) Engineer's Certificate. A written certificate of the inspecting engineer or construction supervisor that the construction of the Improvements has been fully completed in a good and workmanlike manner in accordance with the Plans;

(b) Project Costs. A certificate by the Borrower, in form and substance satisfactory to State, listing all categories of project costs and expenses in connection with the construction and completion of the Improvements and the amount paid by the Borrower with respect to each; and

(c) Permits. A copy of the applicable certificates, licenses, consents and approvals issued by governmental authorities with respect to the Improvements.

8. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

- (a) [intentionally omitted]
- (b) Assignment. The Borrower attempts to assign its rights under this Agreement or any advance made or to be made hereunder or any interest therein, or if the Improvements or the Premises are conveyed or encumbered in any way without the written consent of the State;
- (c) Encroachment or Violation. Any survey, report or examination discloses that the Improvements or any portion thereof encroach upon or project over or in a street (except as contemplated by the Plans) or upon or over adjoining property or violate any setback or other restriction, however created, or any zoning regulations or any building restriction of any governmental authority having jurisdiction with respect to the Improvements;
- (d) Casualty. The Improvements or the improvements on the Premises are materially damaged or destroyed by fire or other casualty or cause and the insurance proceeds therefrom (subject to the terms of the Mortgage) are inadequate to rebuild or restore the Improvements or the improvements on the Premises to their condition immediately prior to such casualty;
- (e) Failure to Construct. The Borrower or the Contractor does not construct the Improvements in accordance with the Plans;
- (f) Misrepresentation. Any representation or warranty made herein or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or any advances made hereunder, by or in behalf of the Borrower, shall prove to be false or misleading in any material respect;
- (g) Mechanics' Liens. Any mechanics', laborers', materialmen's or similar statutory liens, or any notice thereof, shall be filed against the Premises and/or the Improvements and shall not be discharged within thirty (30) days of such filing or a greater time if such liens are being contested in good faith by appropriate proceedings with a stay of execution having been served or such greater period of time as shall be permitted by the terms of the Mortgage or other Security Instrument;
- (h) Other Defaults. The Borrower shall default in the due observance or performance of any covenant, condition or agreement to be observed or performed by the Borrower under this Agreement not otherwise specifically referred to in this Section 8, provided in the case of a default the Borrower's obligations under Section 5(h) or 5(i) that such default shall continue for more than thirty (30) days after written notice of such default;
- (i) Other Loan Documents. Any event of default as defined in the Note or any Security Instrument, or any event which, with the giving of notice or passage of time, or both, would become an event of default under such instruments shall occur;
- (j) Cessation of Work. Any substantial cessation occurs at any time in construction of the Improvements except for strikes, riots, or other causes beyond the Borrower's control, or if any substantial change is made in the schedule for the construction of the Improvements from

that provided in the Plans or this Agreement without the approval of the State;

(k) Voluntary Bankruptcy. The Borrower or the Guarantor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of it or any of its property, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law;

(l) Involuntary Bankruptcy. A petition, order, judgment or decree shall be entered, without the application, approval or consent of the Borrower or the Guarantor, as the case may be, by any court of competent jurisdiction, approving a petition seeking reorganization or approving the appointment of a receiver, trustee or liquidator of the Borrower or the Guarantor, as the case may be, of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days;

(m) Dissolution, Etc. The death, dissolution, termination of existence, merger or consolidation (as applicable) of the Borrower, or a sale of assets of the Borrower out of the ordinary course of business without the prior written consent of the State;

(n) Other Obligations to State. Default by the Borrower or Guarantor, as the case may be, in the payment or performance of any other obligations of the Borrower owed to the State, whether created prior to, concurrent with, or subsequent to the obligations arising out of this Agreement, provided such default continues after any applicable notice and expiration of any applicable grace period;

(o) Other Obligations. Default by the Borrower in any other obligation for borrowed money in excess of Twenty-Five Thousand Dollars (\$25,000.00);

(p) Judgment. Final judgment for the payment of money of more than Twenty-Five Thousand Dollars (\$25,000.00) in excess of any insurance proceeds shall be rendered against the Borrower and shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed ; and

(q) Insecure. The State shall deem itself insecure within the meaning of New Hampshire RSA 382-A: 1-208.

9. State's Rights and Remedies Upon Default.

9.1 General State Rights. Upon the occurrence of any Event of Default, all obligations on the part of the State to make disbursements under this Agreement shall, if the State so elects, cease, and, at the option of the State (but subject to the terms and conditions set forth in the Note and any applicable Security Instrument), the Note shall become immediately due and payable, and the State shall thereupon be authorized and empowered to exercise any

rights of foreclosure or as otherwise provided for the realization of any security for the Note covered by any of the Security Instruments; but the State may make any disbursements or portions of disbursements, after the occurrence of any such Event of Default, without thereby waiving its right to demand payment of the Borrower's indebtedness evidenced by the Note and secured by the Security Instruments and without becoming liable to make any other or further advances as hereinabove contemplated by this Agreement.

9.2 Possession. In addition to the remedies hereinabove provided by Section 9.1, upon the occurrence of any Event of Default, the State shall be authorized and empowered, at its election, (i) to enter upon the Premises and construct, equip and/or complete the Improvements in accordance with the Plans, with such changes therein as the State may from time to time, in its sole discretion, deem appropriate, and to appoint watchmen to protect the Improvements, all at the risk, cost and expense of the Borrower, (ii) to discontinue, at any time, any work with respect to the Improvements commenced by it or change any course of action undertaken by it in connection therewith, and shall not be bound by any limitations or requirements of time, whether set forth herein or otherwise, and/or (iii) to assume the Construction Contract or related agreement made by the Borrower in any way pertaining to the Improvements and to take over and use all or any part or parts of the labor, materials, supplies and equipment contracted for by the Borrower, whether or not previously incorporated into the Improvements, all in the sole discretion of the State.

9.3 Completion of Improvements. In connection with any construction, equipping and/or completion of the Improvements undertaken by the State pursuant to the provisions of Section 9.2 (but without intending hereby to limit the powers and discretions conferred therein), the State may engage builders, contractors, architects and engineers and others for the purposes of furnishing labor, materials and equipment for the Improvements; pay, settle or compromise all bills or claims which may become liens against the Improvements and the Premises or which have been or shall be incurred in any manner in connection with such construction, equipping and/or completion; and take such action or refrain from acting hereunder as the State may, in its sole discretion, from time to time determine.

9.4 Costs. The Borrower shall be liable to the State for all costs paid or incurred for the construction, completion and/or equipping of the Improvements, whether the same shall be paid or incurred pursuant to the provisions of Sections 9.2 or 9.3 or otherwise, and all payments made or liabilities incurred by the State hereunder of any kind whatsoever shall be paid by the Borrower to the State on demand, with interest at the rate specified in the Note to the date of payment.

9.5 Cumulative Rights. Upon the occurrence of any Event of Default, the rights, powers, privileges and other remedies available to the State under this Agreement or at law or in equity may be exercised by the State at any time and from time to time, whether or not the indebtedness evidenced and secured by the Note and the Security Instruments shall be due and payable, and whether or not the State shall have instituted any foreclosure proceedings or other action for the enforcement of its rights under the Note or any of the Security Instruments.

9.6 Right of Set-Off. Any deposits or other sums at any time credited by or due from

the State to the Borrower and any securities or other property of the Borrower at any time in possession of the State may at all times be held or treated as collateral security for the payment of the loan and all liabilities of the Borrower to the State. Upon an Event of Default the State may apply or set-off such deposits or other sums or property against such liabilities.

9.7 Power of Attorney. For the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by this Agreement, effective upon an Event of Default, the Borrower hereby irrevocably constitutes and appoints the State its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments and do and perform any acts that are referred to herein in the name and behalf of the Borrower other than amend this Agreement, the Note or the Security Instruments. The power vested in said attorney-in-fact is, and shall be deemed to be, coupled with an interest and cannot be revoked.

10. Hazardous Materials Indemnification.

10.1 Definitions.

(a) The term “Hazardous Materials” shall mean and include asbestos, polychlorinated biphenyls (“PCB’s”), other carcinogens, oil and other petroleum products, and any other hazardous or toxic materials, wastes and substances which are defined, determined or identified as such under RSA Chapters 146-A, 146-C, 147-A and 147-B, CERCLA, or any other applicable federal, state or local laws, rules, codes or regulations or any judicial or administrative interpretation thereof; and

(b) The term “Legal Requirements” shall mean all federal, state or local laws, rules, codes or regulations, or any judicial or administrative interpretation thereof, including, without limitation, all orders, decrees, judgments and rulings imposed through any public or private enforcement proceedings, relating to Hazardous Materials or the existence, use, discharge, release, containment, transportation or disposal thereof.

10.2 Indemnification. At all times, both before and after any conveyance or foreclosure of the Premises, the Borrower shall at its sole cost and expense indemnify, exonerate, protect and save the State harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgment, suits, proceedings, costs, disbursements or expenses of any kind or nature whatsoever, including without implied limitation, attorneys’ and experts’ fees and disbursements, which may at any time be imposed upon, incurred by or asserted or awarded against the State and arising from or out of:

(a) Any Hazardous Materials on, in, under or affecting all or any portion of the Premises or any areas surrounding the same before the Borrower is divested of title to the Property by conveyance or foreclosure or divested of possession of the Premises following an Event of Default;

(b) The violation by the Borrower of any Legal Requirements with respect to the Premises or other real property; or

(c) The enforcement of this Section 10 of the Agreement or the assertion by the Borrower of any defense to its obligations hereunder, whether any of such matters arise before or after foreclosure of the Mortgage or other taking of title to or possession of all or any portion of the Premises by the State, and specifically including therein, without limitation, the following to the extent they are a result of the matters described in clauses (a) or (b) above:

- (i) costs of removal of any and all Hazardous Materials from all or any portion of the Premises or any areas surrounding the same;
- (ii) additional costs required to take necessary precautions to protect against the release of Hazardous Materials on, in, under, or affecting, the Premises, or into the air, any body of water or wetland, any other public domain, or any areas surrounding the Premises;
- (iii) costs incurred to avoid the imposition of, or to discharge, any lien on the Premises arising from any failure to comply with Legal Requirements;
- (iv) costs incurred to comply with all Legal Requirements relating to the Premises or any other collateral for the Loan, including without limitation, fines, penalties or other charges imposed by any lawful authority; and
- (v) costs and expenses incurred in ascertaining the existence or extent of any asserted violation of any Legal Requirements relating to the Premises and any remedial action taken on account thereof including, without limitation, the costs, fees and expenses of engineers, geologists, chemists, other scientists, attorneys, surveyors and other professionals, and testing and analyses performed in connection therewith. The foregoing shall not apply to precautionary testing which is not in response to a specific identified potential release at the Premises.

11. Assignments. The State may assign, negotiate or pledge all or any portion of its rights under this Agreement or any of its rights or security with respect to the Note and the Security Instruments, and, in case of such assignment, the Borrower shall accord full recognition thereto. The Borrower hereby consents to the State's delivery of any and all financial or other information concerning the Borrower to any assignee or participating lender. The Borrower shall not assign or attempt to assign directly or indirectly, any of its rights under this Agreement or under any instrument referred to herein without the prior written consent of the State.

12. [Intentionally left blank;]

13. General Provisions.

13.1 Captions. The captions in this instrument are for convenience and reference only and do not define, limit or describe the scope of the provisions hereof.

13.2 Number and Gender. Whenever the context so requires, reference herein to the neuter gender shall include the masculine and/or feminine gender, and the singular number shall include the plural.

13.3 Binding Effect. The terms, covenants, agreements and conditions contained herein shall extend to, include, and inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Borrower and the Guarantor, as the case may be, and the successors and assigns of the State.

13.4 Notices. Any notice, demand, request or other communication given hereunder or in connection herewith shall be in writing and sent by certified mail, postage prepaid, return receipt requested, addressed to the party to receive the same at its address set forth herein or at such other address as such party may hereafter designate by notice given in like fashion. Any such notice, demand, request or other communication shall be deemed given when mailed as aforesaid.

13.5 Governing Law. This Agreement has been made in the State of New Hampshire, and the provisions thereof shall be governed by and construed in accordance with the law of the State of New Hampshire (excluding the laws applicable to conflicts or choice of laws).

13.6 Entire Agreement. This Agreement, together with any and all schedules and exhibits hereto and the Note and the Security Instruments, contains the full, final and exclusive statement of the agreement of the parties with respect to the subject matter hereof and supersedes all prior understandings, representations or agreements, whether written or oral, with respect to such subject matter.

13.7 Amendment and Waiver. No amendment, modification, termination or waiver of any provision of this Agreement or the Note shall be effective unless it is in a writing executed by the State and in the case of an amendment, modification or termination by the Borrower.

13.8 Consent to Jurisdiction. The Borrower hereby consents to the jurisdiction of all state and local courts of the State of New Hampshire and the United States District Court of the District of New Hampshire in connection with any suit to enforce any right of the State under the Note, this Agreement or any Security Instrument.

13.9 Joint and Several. If the Borrower consists of more than one person or entity, such persons and entities shall have joint and several liability hereunder.

13.10 Severability. If any provision or condition of this Agreement is prohibited or rendered invalid or unenforceable, such prohibition, invalidity or unenforceability shall not affect the validity or enforceability of any other provisions and conditions of this Agreement.

13.11 References. All references herein to the Note, the Mortgage and the other Security Instruments shall be construed to refer to such instruments as they may be amended from time to time.

13.12 Sovereign Immunity. Nothing contained in this Agreement, the Note or the Security Instruments shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State.

IN WITNESS WHEREOF, the State and the Borrower have each duly caused this Agreement to be executed, by their respective officers, thereunto duly authorized, as of the day and year indicated above.

THE STATE OF NEW HAMPSHIRE

Witness

By: _____
Robert R. Scott, Commissioner
Department of Environmental Services

THE TYROL WELL "A" ASSOCITAION

Witness

By: _____
James Chichwak
President

LIST OF EXHIBITS

EXHIBIT A THE PREMISES

EXHIBIT B THE TOTAL BUDGET

EXHIBIT C PROMISSORY NOTE

EXHIBIT C

PROMISSORY NOTE

\$235,000

Concord, New Hampshire

FOR VALUE RECEIVED The Tyrol Well "A" Association, a New Hampshire corporation with an address of 264 Switchback Way, P.O. Box 483, Jackson, New Hampshire 03846 ("Borrower"), promises to pay to State of New Hampshire with an address of c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095, or its order ("State"), the sum of Two Hundred Thirty Five Thousand Dollars (\$235,000) or such lesser amount as shall be disbursed to Borrower by State pursuant to a Loan Agreement of near or even date by and between Borrower and State (the "Loan Agreement"), in lawful money of the United States, together with interest thereon at the annual rate of one percent (1%) until the earlier of (i) the date of substantial completion of the Improvements (as defined in the Loan Agreement) as determined by State or (ii) December 1, 2018 (such earlier date being the "Interest Rate Change Date") and commencing on the Interest Rate Change Date at the lower of (A) the annual rate of 2.424% or (B) eighty percent (80%) of the established market rate as determined in Env-Dw 1106.03 and 1106.04.(the interest rate at any given time, the "Applicable Interest Rate"). Capitalized terms used but not defined herein have the meaning given to them in the Loan Agreement.

1. Payments. The interest and principal of this Note shall be paid as follows:

(a) Commencing on the first day of the sixth month after the Interest Rate Change Date, interest only shall be paid in six (6) consecutive monthly installments on the first day of each month.

(b) Commencing with the first day of the twelfth month after the Interest Rate Change Date (the "Conversion Date"), the principal and interest of the Note shall be paid in Two Hundred and Forty (240) consecutive equal monthly installments of principal and interest on the first day of each month with the installment amount calculated to amortize the principal balance of the Note over the 240 month period at the Applicable Interest Rate; provided, however, that Borrower shall have the option to elect prior to the first installment payment under paragraph 1(a) to have the interest accruing prior to the Interest Rate Change Date be capitalized and added to the principal amount of the Note rather than paid in the first installment of interest to be paid pursuant to paragraph 1(a); so long as the sum of the principal balance of the Note plus interest accruing prior to the Interest Rate Change Date (such sum being the "Capitalized Amortization Amount") shall not exceed \$235,000, and if the sum of unpaid principal plus interest accruing prior to the Interest Rate Change Date exceeds \$235,000, such excess amount of interest shall be due and payable with the first payment of interest pursuant to paragraph 1(a) above. If Borrower elects to have such interest capitalized, then the Capitalized Amortization Amount shall be paid in Two Hundred and Forty (240) consecutive equal monthly installments of principal on the first day of each month, commencing with the first day of the twelfth month after the Interest Rate

Change Date, with interest with the installments calculated to amortize the Capitalized Amortization Amount over such 240 month Period at the Applicable Interest Rate.

2. Prepayment. Borrower shall have the right to prepay any or all sums due under this Note without penalty. Prepayments shall be applied first to accrued interest and then to principal. Partial prepayments of principal shall be applied against the outstanding principal balance; provided, however, that Borrower shall continue to make principal payments in the amounts specified above and on the dates specified above, with interest on the outstanding principal balance recomputed accordingly, until Borrower's obligations under this Note are satisfied in full.

3. Security. This Note and the Loan Agreement are secured by a Security Agreement of near or even date herewith between Borrower and State, which provides a security interest in personal property of the Maker and other security instruments (collectively with such Security Agreement the "Security Instruments") described in the Loan Agreement.

4. Due Date; Late Payment. All payments of principal and interest shall be due on or before the due date specified above; provided, however, that Borrower shall not be deemed in default hereunder if payment is received by State on or before 4:00 p.m. of the seventh day following the due date. Borrower agrees to pay a late charge of five percent (5%) of the amount of any payment due under this Note that is not paid within seven (7) days of its due date.

5. Applicable Interest. Borrower expressly agrees that the Applicable Interest Rate specified in this Note shall be the applicable interest rate due (i) on amounts outstanding during the term hereof and (ii) with respect to any amount outstanding on and after the maturity date hereof. The interest payable on this Note shall be calculated on the basis of an annual rate of interest applied to twelve thirty-day months over a three hundred sixty (360) day year.

6. Default; Acceleration. Borrower shall be in default of this Note, and all principal and accrued interest thereon shall immediately become due and payable, without notice or demand, upon the occurrence of any of the following events: (a) failure to make prompt payment of any principal or interest installment due hereunder (or within such grace period as may be provided herein), (b) the failure of Borrower to observe or perform any of the other obligations to State under this Note, and the same remains unremedied for a period of thirty (30) days after the date of notice thereof to Borrower by State, (c) the occurrence of an Event of Default under the Loan Agreement, (d) a default or event of default under any Security Instrument or (e) a default in any other obligation of Borrower to State, whether now existing or hereinafter incurred.

If Borrower shall file a petition under any section of the Bankruptcy Code, shall make an assignment for the benefit of creditors, shall have a receiver appointed over its affairs who shall not be discharged within sixty (60) days from the date of appointment, or shall have filed against it a petition under a section of the Bankruptcy Code, or any debtor-creditor act, which petition shall not be dismissed within sixty (60) days of the date of filing of the same, then the balance of

principal and interest remaining unpaid on this Note shall become due and payable forthwith without demand or notice.

7. Costs of Collection. If this Note is not paid in full when it becomes due, or if any payment required hereunder shall not be paid when due, or within such grace period as may be expressly provided herein, Borrower agrees to pay all costs and expenses of collection, including attorneys' fees, regardless of whether legal proceedings have been formally commenced.

8. Waiver of Presentment. Borrower hereby waives presentment, demand for payment, notice of dishonor, and all other notices or demands in connection with the delivery, acceptance, performance, default, or endorsement of this Note.

9. Non-Forfeiture of Rights. It is agreed and understood that the waiver by State of any particular default in the terms of this Note shall not constitute waiver of any further default and that acceptance of any payment after it is due shall not be deemed a waiver of the right to require prompt payment when due on all other sums and that acceptance of any payment after default shall not cure said default or operate as a waiver of any rights of State hereunder unless otherwise agreed in writing.

10. Payments, Notices. All payments due under this Note, and any notice required to be made hereunder shall be directed to State or to Borrower, as the case may be, at the addresses above specified, or such other address as State and Borrower may hereafter direct, in writing.

11. Binding on Successors, Etc. The obligation of this Note shall be binding upon the heirs, successors and assigns of Borrower herein and shall inure to the benefit of the successors or assigns of State herein or any holder hereof. Notwithstanding the preceding sentence, Borrower shall not assign this Note without the prior written consent of State.

12. Gender. Whenever the content so requires, reference herein to the neuter gender shall include the masculine and/or feminine gender, and the singular number shall include the plural.

13. References. All references herein to the Loan Agreement and the Guaranty shall be construed to refer to such instruments as they may be amended from time to time.

14. Governing Law. The Note has been made in the State of New Hampshire, and the provisions hereof shall be governed by and construed in accordance with the laws of the State of New Hampshire (excluding the laws applicable to conflicts or choice of laws).

15. Jurisdiction. Borrower hereby consents to the jurisdiction of all state and local courts of the State of New Hampshire and the United States District Court of the District of New Hampshire in connection with any suit to enforce any rights of State under this Note.

16. Sovereign Immunity. Nothing contained in this Note, the Loan Agreement, any guaranty guarantying this Note or any Security Instrument shall be deemed to constitute a waiver of the sovereign immunity of State, which immunity is hereby reserved to State.

EXECUTED as of _____.

THE TYOL WELL "A" ASSOCIATION

Witness

By: _____
James Chichwak
President
Duly Authorized

SECURITY AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2017 between **The Tyrol Well "A" Association**, a corporation duly organized and existing under the laws of the State of New Hampshire, with a principal place of business at 264 Switchback Way, P.O. Box 483, Jackson, New Hampshire 03846 (sometimes hereinafter called the "Debtor"), and the **State of New Hampshire** with an address of c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095 (hereinafter the "Secured Party") for themselves and their successors and assigns.

RECITALS

A. The Debtor and the Secured Party have entered into a Loan Agreement of near or even date (the "Loan Agreement"), which Agreement sets forth certain undertakings and obligations of the Debtor to the Secured Party.

B. Pursuant to the Loan Agreement, the Secured Party has agreed to extend credit to the Debtor in an amount not to exceed Two Hundred Thirty Five Thousand Dollars (\$235,000), in exchange for the Debtor's promissory note (the "Note") to the Secured Party.

C. To secure the obligations it has undertaken under the Loan Agreement and the Note and certain security instruments described in the Loan Agreement and to secure the payment of said sum to the Secured Party and to secure any other obligations of the Debtor to the Secured Party of every kind and description, whether direct or indirect, absolute or contingent, primary or secondary, joint or several, due or to become due, or now existing or hereafter arising or acquired and whether by way of loan, discount, letter of credit, lease or otherwise (collectively the "Obligations"), the Debtor desires to create in the Secured Party a security interest in accordance with the terms of the Uniform Commercial Code, N.H.R.S.A. 382-A.

NOW, THEREFORE the Debtor agrees as follows:

1. Collateral. The Debtor, for valuable consideration received from the Secured Party, hereby grants to the Secured Party to secure all the foregoing Obligations a security interest in the following property (the "Collateral"):

(a) All the Debtor's goods, machinery, equipment, including without limitation, all water storage, collection, distribution and treatment equipment, furnishings and fixtures, motor vehicles, and personal property, including but not limited to such property located on the Debtor's premises at The Tyrol Well "A" Association, Jackson, New Hampshire (the Debtor's "Business Premises") or used in connection with the Debtor's business conducted at said Business Premises, and in all inventory including, without limitation, all items held for sale or lease or furnished or to be furnished under contracts of service, or used or consumed in the Debtor's business (all hereinafter called the "Inventory"), and in contract rights with respect thereto and proceeds thereof, all whether now owned or hereafter acquired.

(b) The Debtor, for valuable consideration received from the Secured Party, hereby also conveys to the Secured Party a security interest in all the Debtor's accounts, accounts receivable, contract rights, notes, personal property leases, mailing lists and customer lists, rents receivable, choses in action, drafts, acceptances, instruments, investment property, letter of credit rights, chattel paper, general intangibles, cash and all other forms of obligations due or to become due to the Debtor, whether now existing or hereafter arising and whether joint, several, or joint and several, and proceeds of any of the foregoing, arising from or relating to the Debtor's business.

The Secured Party, by virtue of this Agreement, in addition to any other security or collateral that it may hold, shall have a continuing security interest in said Collateral and in contract rights with respect thereto and proceeds of both, to secure payment and performance of the liabilities and obligations of the Debtor to the Secured Party hereunder.

2. Records and Audits. The Debtor will keep an accurate record of the Collateral, and all additions thereto, and removals therefrom, and of any of its accounts, accounts receivable, contract rights, leases, general intangibles, rents receivable, notes and choses in action, as they from time to time exist, and the proceeds received or receivable therefrom, and will deliver a copy of such records to the Secured Party at such regular intervals as the Secured Party reasonably may require. When requested by the Secured Party the Debtor shall, at the Debtor's own expense, cause a verification of the Collateral to be made by some independent appraiser approved by the Secured Party and an audit of the accounts receivable, contract rights and proceeds of both, to be made by some independent auditor.

3. Maintenance and Insurance. The Debtor agrees to keep the Collateral in good condition, deterioration resulting from normal use excepted, and also to keep it insured against loss from such hazards and in such amounts as the Secured Party may require and in such companies as the Secured Party may approve, payable in case of loss to the Secured Party as its interest may appear, and the policies evidencing such insurance, or certificates thereof, shall, upon request, be deposited with the Secured Party.

4. No Liens. The Debtor represents and warrants that its title to the Collateral is free and clear of any liens or encumbrances except those listed in Schedule 4 and agrees to keep the Collateral free and clear of any future lien or encumbrance unless it obtains the advance consent of the Secured Party for any such lien or encumbrance.

5. Sale and Use in the Ordinary Course. Until Default the Debtor may sell or lease the Collateral in the ordinary course of business and may also use or consume any raw materials and supplies, the use and consumption of which is necessary in order to carry on the Debtor's business.

6. Lists of Accounts and Proceeds. Upon request of the Secured Party at any time after Default, the Debtor will deliver to the Secured Party lists or copies of all accounts promptly after they arise and will deliver to the Secured Party, promptly upon receipt, all rents and other proceeds received by the Debtor including proceeds of the accounts referred to above and

proceeds of any insurance policies in the exact form in which they are received. The Secured Party in its discretion may apply cash proceeds to the payment of any obligations secured hereby or may release such cash proceeds to the Debtor for use in the operation of the Debtor's business.

7. Default. The Debtor shall be deemed in "Default" of this Agreement:
- (a) if the Debtor fails to observe or perform any of the Debtor's agreements expressed herein;
 - (b) upon default of the Debtor under the terms of any Obligation of the Debtor to the Secured Party secured hereby, or if notice or lapse of time, or both, are therein provided, then upon such notice or lapse of time, or both;
 - (c) upon the loss, unauthorized sale, unauthorized removal of the Collateral from the locations specified in Section 1, theft, damage or destruction of the Collateral;
 - (d) if the Secured Party shall deem the Collateral in danger of misuse or loss or removal from this State; or
 - (e) if the Debtor changes its name or state of organization without at least thirty (30) days prior written notice to the Secured Party.

8. Remedies. Upon a Default the Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code to the same extent as if they were expressly set forth herein in addition to the remedies provided herein or in any other instrument or paper executed by the Debtor, as well as the right to sell all or part of the Collateral, pursuant to New Hampshire law. In such event the Debtor shall pay all the Secured Party's costs of repossession, collection, custody, storage, sale or other dispossession and delivery, (including reasonable attorneys' fees), all of which the Secured Party may deduct from the proceeds. If the Secured Party seeks to take possession of any or all of the Collateral by judicial process, the Debtor hereby irrevocably waives any requirement of bonds, surety or security, whether required by statute, court rule or otherwise, as an incident to such possession and waives any requirement for demand for possession before the commencement of any suit or action to recover with respect thereto.

9. Certain Remedies. The Secured Party may at any time after Default notify the Debtor's account debtors, or persons otherwise indebted to the Debtor whose obligations are covered by this Agreement, that the Collateral has been assigned to the Secured Party and that payment shall be made directly to the Secured Party. Upon request of the Secured Party at any time after Default, the Debtor will so notify such debtors and will indicate on all billings to such debtors that their accounts must be paid to the Secured Party. The Secured Party shall have full power to collect, compromise, endorse, sell or otherwise deal with the Collateral or proceeds thereof in its own name or in the name of the Debtor. The Debtor shall pay to the Secured Party on demand a collection charge on all accounts collected, that shall include all reasonable attorneys' fees and expenses, and all other reasonable expenses of like or unlike nature that may

be expended by the Secured Party to obtain or enforce payment of any account either as against the account debtor, the Debtor or any guarantor or surety of the Debtor or in the prosecution or defense of any action or concerning any matter arising out of or connected with the subject matter of this Agreement, the obligations secured hereby, or the Collateral, or any of Secured Party's rights or interests therein or thereto, including, without limiting the generality of the foregoing any reasonable counsel fees or expenses incurred in any bankruptcy or insolvency proceedings.

10. Power of Attorney. The Debtor does hereby make, constitute and appoint any officer of the Secured Party as the Debtor's true and lawful attorney-in-fact, with power, in the event of a default, to endorse the name of the Debtor or any of the Debtor's officers or agents upon any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under any policy of insurance on the Collateral) or Collateral that may come into possession of the Secured Party in full or part payment of any amounts owing to the Secured Party, to sign and endorse the name of the Debtor or any of the Debtor's officers or agents upon any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices, in connection with accounts, and any instrument or document relating thereto or to the Debtor's rights therein; to give written notice to such office and officials of the United States Post Office to effect such change or changes of address so that all mail addressed to the Debtor may be delivered directly to the Secured Party; granting upon the Debtor's said attorney full power to do any and all things necessary to be done in and about the premises fully and effectually as might or could be done, and hereby ratifying all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the term of this Agreement and all transactions hereunder as long as the Debtor may be indebted to the Secured Party.

11. Cooperation; Secured Party Sales; No Waiver. The Debtor covenants that it will execute any documents requested by the Secured Party to perfect its security interest in the Collateral. When requested by the Secured Party following a Default by the Debtor, the Debtor shall cooperate in the Secured Party's repossession of the Collateral and will assemble the Collateral and make it available to the Secured Party at such place as the Secured Party shall designate which shall be reasonably convenient to both parties. The Secured Party may dispose of the Collateral by public or private sale, upon the place where it is then located, and the Secured Party itself may acquire the Collateral at any such sale. The Debtor agrees that notice of ten (10) days prior to such sale shall constitute reasonable notice thereof, but that if the Collateral is perishable or threatens to decline quickly in value or is a kind customarily sold on a recognized market, the Secured Party may provide shorter notice or no notice of the sale. The Secured Party shall also have the right to remove the Collateral. No waiver of the Secured Party of any defaults hereunder shall constitute a waiver of any other default or of the same default upon a future occasion.

12. Reinstatement. If after receipt of any payment of, or the proceeds of any Collateral for, all or any part of the Obligations, the Secured Party is compelled to surrender or voluntarily surrenders such payment or proceeds to any person because such payment or application of proceeds is or may be avoided, invalidated, recaptured, or set aside as a

preference, fraudulent conveyance, impermissible setoff or for any other reason, whether or not such surrender is the result of (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Secured Party, or (ii) any settlement or compromise by the Secured Party of any claim as to any of the foregoing with any person (including the primary obligor with respect to any of the Obligations), then the Obligations or part thereof affected shall be reinstated and continue and this Agreement shall be reinstated and continue in full force as to such Obligations or part thereof as if such payment or proceeds had not been received, notwithstanding any previous cancellation of any instrument evidencing any such Obligation or any previous instrument delivered to evidence the satisfaction thereof or the termination of this Agreement.

13. Governing Law. This Agreement shall be governed by and be construed in accordance with New Hampshire law.

14. Amendment. This Agreement may be amended only by a written instrument executed by the parties.

15. Notice. Any demand, notice or request by either party to the other shall be sufficiently given if delivered to the party intended to receive the same, or if mailed by registered or certified mail addressed to such party at the address of such party stated above, or at such other address as may be stated in a notice delivered or mailed as herein provided.

16. Binding Effect. The covenants and agreements herein contained shall bind, and the benefits and advantages thereof shall inure to, the respective heirs, executors, administrators, successors and permitted assigns of the Debtor and the Secured Party.

17. Conflicting Provisions; References. In the event of any conflict between the terms, covenants, conditions and restrictions contained in this Agreement, the Note, the Loan Agreement and the Security Instruments, the term, covenant and condition or restriction that imposes the greater burden or obligation upon the Debtor shall control. The determination as to which term, covenant, condition or restriction is the more burdensome or imposes the greater obligation shall be made by the Secured Party in its sole discretion. All references herein to the Note, the Loan Agreement and the Security Instruments shall be construed to include such instruments as they may be amended from time to time. Wherever used the singular number shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders as the context requires.

18. Invalidity. In any case where any one or more of the provisions of this Agreement are held to be invalid, illegal or enforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof.

19. Sovereign Immunity. Nothing contained in this Agreement, the Loan Agreement, the Note or the other Security Instruments shall be deemed to constitute a waiver of the sovereign immunity of the Secured Party, which immunity is hereby reserved to the Secured Party.

Executed on the day and year first of written.

Debtor:

THE TYROL WELL "A" ASSOCIATION

Witness

By: _____
James Chichwak
President

SCHEDULE 4

LIENS AND ENCUMBRANCES

The Collateral is subject to no liens or encumbrances.

COLLATERAL ASSIGNMENT OF CONTRACTS, PLANS AND PERMITS

FOR VALUE RECEIVED, The Tyrol Well "A" Association, a corporation duly organized and existing under the laws of the State of New Hampshire, with a principal place of business of 264 Switchback Way, P.O. Box 483, Jackson, New Hampshire 03846, ("Assignor"), hereby assigns to State of New Hampshire with a place of business at Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095 ("Assignee"), all its right, title and interest in and to any contracts, written or oral (the "Contracts") relating to the design or construction of improvements on property of Assignor located in Jackson, New Hampshire as more particularly described in a certain Loan Agreement between Assignor and Assignee (the "Loan Agreement") (the "Project"), including any plans and specifications prepared in connection therewith (the "Plans") and all governmental approvals and permits (the "Permits").

In addition, the parties hereto agree as follows:

1. Security. This Assignment is made as additional security for the performance by the Assignor of all of its obligations under the Loan Agreement, Assignor's Promissory Note in the original principal amount of \$235,000 (the "Note") and certain security instruments as described in the Loan Agreement (the "Security Instruments"), each dated as of even date and delivered to or to be delivered to the Assignee.

2. Representations. Assignor represents, warrants and covenants to Assignee that:

(a) Assignor is and shall be the owner of the Collateral free and clear of any liens, security interests or encumbrances; and

(b) The execution, delivery and performance of the Assignment by Assignor does not and will not conflict with any material contract, statute, rule, judgment, decree or order to which Assignor is subject.

3. Default. Unless Assignor shall be in default under the Note or the Loan Agreement or a Security Instrument (an "Event of Default"), Assignor shall be entitled to enjoy and enforce all of its rights under the Contracts, the Plans and the Permits. If such an Event of Default shall occur and Assignee shall have given written notice to the other party to the Contracts of its intention to exercise its rights hereunder, then Assignee shall be entitled thereafter to enjoy and enforce all of the rights of the Assignor under the Contracts, the Plans and the Permits, and shall become bound to perform all future obligations of the Assignor thereunder. Unless and until such notice is given, Assignee shall not be obligated to perform any of the obligations of the Assignor under the Contracts, the Plans or the Permits.

4. UCC Rights and Remedies. Without limiting the other remedies provided herein or provided by law, upon an Event of Default Assignee shall have the rights and remedies of a

secured party under the Uniform Commercial Code, as enacted in New Hampshire, with respect to the Collateral to the full extent provided by law. Assignor agrees that Assignee may file one or more UCC-1 financing statement in the appropriate filing offices at Assignor's expense to perfect Assignee's security interest in the Collateral and that Assignor shall take any and all actions reasonably requested by Assignee to perfect Assignee's security interest in the Collateral.

5. Amendment. Assignor shall not amend, modify or execute amendments to the Contracts, the Plans or Permits or change orders which would involve substantial changes in the cost or nature of the Project, without first obtaining the prior written consent of Assignee, which consent shall not be unreasonably withheld or delayed.

6. Governing Law. This Agreement shall be governed by and be construed in accordance with New Hampshire law.

7. Amendment. This Agreement may be amended only by a written instrument executed by the parties.

8. Notice. Any demand, notice or request by either party to the other shall be sufficiently given if delivered to the party intended to receive the same, or if mailed by registered or certified mail addressed to such party at the address of such party stated above, or at such other address as may be stated in a notice delivered or mailed as herein provided.

9. Binding Effect. The covenants and agreements herein contained shall bind, and the benefits and advantages thereof shall inure to, the respective heirs, executors, administrators, successors and permitted assigns of Assignor and Assignee.

10. Conflicting Provisions; References. In the event of any conflict between the terms, covenants, conditions and restrictions contained in this Agreement, the Note, the Loan Agreement and the Security Instruments, the term, covenant and condition or restriction that imposes the greater burden or obligation upon Assignor shall control. The determination as to which term, covenant, condition or restriction is the more burdensome or imposes the greater obligation shall be made by Assignee in its sole discretion. All references herein to the Note, the Loan Agreement and the Security Instruments shall be construed to include such instruments as they may be amended from time to time. Wherever used the singular number shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders as the context requires.

11. Invalidity. In any case where any one or more of the provisions of this Agreement are held to be invalid, illegal or enforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof.

12. Sovereign Immunity. Nothing contained in this Agreement, the Loan Agreement, the Note, any guaranty guarantying the Note or the other Security Instruments shall be deemed to constitute a waiver of the sovereign immunity of the Assignee, which immunity is hereby reserved to the Assignee.

IN WITNESS WHEREOF, Assignee and Assignor, have executed this Assignment dated as of the _____ day of _____, 2017.

In the presence of:

STATE OF NEW HAMPSHIRE

By: _____
Robert R. Scott, Commissioner
Department of Environmental Services

THE TYROL WELL "A" ASSOCIATION

By: _____
James Chichwak
President

Return to:

MORTGAGE DEED

The Tyrol Well "A" Association, a New Hampshire corporation with an address of 264 Switchback Way, P.O. Box 483, Jackson, New Hampshire 03846 hereinafter sometimes called the "Mortgagor", for consideration paid, grants to the State of New Hampshire with an address of c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095 hereinafter sometimes called the "Mortgagee", with MORTGAGE COVENANTS, to secure the payment of Two Hundred Thirty Five Thousand Dollars (\$235,000) with interest, payable in accordance with the promissory note of Mortgagor of near or even date herewith (the "Note") and the performance of all agreements and conditions as provided in (a) this mortgage, (b) the Note, (c) a Loan Agreement of near or even date between the Mortgagor and the Mortgagee (the " Loan Agreement"), (d) any subsequent advances under the Note, and (e) any and all renewals, extensions and amendments of the Note or other obligations of the Mortgagor to the Mortgagee, the premises described in Exhibit A attached hereto and incorporated herein by reference (the "Premises").

The transfer of title to the Premises without the written consent of the Mortgagee shall, at the option of the Mortgagee make the entire balance of sums due to the Mortgagee secured hereby at once due and payable. It is understood that entering into a contract for a deed, a lease for a period in excess of three years, a lease with options to buy, or like instrument, shall be construed as a transfer of title to the Premises for the purposes of this paragraph.

This mortgage is upon the statutory conditions and the additional conditions that the Mortgagor shall keep the Premises, including all improvements now existing or hereafter erected thereon, insured against loss by fire, hazards included within the term "extended coverage" and such other hazards as the Mortgagee may require, in such amounts and with such companies, as the Mortgagee may require and that such insurance policies and renewals thereof shall include a standard mortgage clause in favor of the Mortgagee. The Mortgagor shall promptly furnish to the Mortgagee all renewal notices and all receipts of said premiums. In the event of loss, Mortgagor shall give prompt notice to the Mortgagee and the insurance carrier, and failing this the Mortgagee is authorized to file such proof of loss on behalf of the Mortgagee. The Mortgagor shall reimburse the Mortgagee for, and there shall be secured by this mortgage, all sums which the Mortgagee shall advance for insurance, taxes, liens, assessments, legal fees, or other expenses which the Mortgagee shall deem necessary for the protection or preservation of the Premises and the Mortgagee's interest therein, together with interest on such sums at the same rate as provided in the Note.

Upon any breach of the foregoing conditions or upon default and expiration of any applicable grace periods under the terms of the Note, or upon breach of any current or subsequent obligations of the Mortgagor to the Mortgagee, or to any other approved mortgagee of record, if any, the Mortgagee is authorized, without waiving its other rights as Mortgagee, to take possession of and/or rent the Premises for the account of the Mortgagor, and the Mortgagee shall further have the statutory power of sale to sell the Premises at some place in the town in which any portion of the land is situated, in one or more lots, at one or several sales, and the Mortgagor hereby appoints any officer of the Mortgagee the Mortgagor's agent and attorney in fact to convey the Premises so sold to the purchaser by indefeasible title, discharge of all rights of redemption by the Mortgagor or any person claiming under it.

Notice of any foreclosure sale shall be published in a newspaper of general circulation as required by law. The proceeds of any such sale shall be charged with all expenses thereof, including attorney fees. If the Mortgagee acquires the Premises, all right, title and interest of the Mortgagor in and to any insurance policies and in and to the proceeds thereof, resulting from damage to the Premises prior to the foreclosure, shall pass to the Mortgagee, as the case may be, to the extent of sums secured by this Mortgage.

NOTICE IS HEREBY GIVEN that for purposes of RSA 479:3 this mortgage secures a maximum amount equal to the sums due under the Note, plus accrued interest thereon, plus advances, if any, to protect the security of this mortgage, plus foreclosure costs and expenses, including attorneys' fees, if any, plus any other costs and expenses authorized by this mortgage, or the Loan Agreement.

The Premises are not homestead property.

EXECUTED this _____ day of _____, 2017.

THE TYROL WELL "A" ASSOCIATION

By: _____
James Chichwak
President

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

The foregoing instrument was acknowledged before me this _____ day of _____, 2017 by _____, _____ of The Tyrol Well "A" Association, a New Hampshire corporation.

Justice of the Peace/Notary Public
My Commission expires: _____

DISCLOSURE OF FINANCE CHARGES
STATE DRINKING WATER REVOLVING LOAN FUND

Pursuant to New Hampshire RSA Chapter 399-B:2

TO: THE TYROL WELL "A" ASSOCIATION

DATE: _____

Amount of Loan: \$235,000

Payable: 6 monthly installments of interest only followed by 240 monthly installments of interest and principal as further provided in the Promissory Note of even date of the Borrower (the "Note")

Finance Charges: 1% until the Interest Rate Change Date (as defined in the Note) then lower of (A) 2.424% or (B) eighty percent (80%) of the established market rate as determined in Env-Dw 1106.03 and 1106.04.

Late fee: 5% of each payment will be assessed if not paid within 7 days of its due date.

Above interest is based on the number of days elapsed over a 360 day year.

Recording and filing fees:	\$
Environmental Site Assessment:	\$
Lender's title insurance policy	\$

Acknowledged.

THE TYROL WELL "A" ASSOCIATION

Borrower

By: _____
James Chichwak
President