



**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

November 6, 2013

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

Re: Recommendation for Award of Guarantee under RSA 162-A:13: First Colebrook Bank and The Thomas More College of Liberal Arts, Inc. and Thomas More Foundation.

Dear Governor and Council:

REQUESTED ACTION

Holding of a public hearing and passage of a resolution entitled: A RESOLUTION UNDER RSA 162-A:18 AWARDED A STATE GUARANTEE UNDER RSA 162-A:13 WITH RESPECT TO A LOAN FROM FIRST COLEBROOK BANK TO THE THOMAS MORE COLLEGE OF LIBERAL ARTS, INC., AND THOMAS MORE FOUNDATION (For the text of the requested Resolution see Exhibit 2 attached to this letter of transmittal.)

The Business Finance Authority of the State of New Hampshire (the "Authority") respectfully requests that you hold a hearing and make the statutory findings under RSA 162-A:18, with respect to the proposed extension of a guarantee of the State of New Hampshire with respect to certain loan from First Colebrook Bank to The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation. The loan to be subject to the State's guarantee will in an amount of up to \$2,750,000 and the proposed guarantee will be in an amount equal to 80 percent of any deficiency determined to exist after the Lender has diligently pursued specified available collection rights. The Authority recommends your favorable action and submits in support thereof the following materials as designated:

- (1) a summary of the transaction
- (2) a proposed resolution for adoption by the Governor and Council;
- (3) a copy of RSA 162-A:13;
- (4) a letter from the Executive Director of the Business Finance Authority, explaining the transaction;
- (5) a draft of the Guarantee Agreement which when executed and delivered will evidence the Authority's and the State's obligation to pay the amount guaranteed;
- (6) a commitment letter from the Authority dated October 22, 2013

FINANCING FOR NEW HAMPSHIRE'S FUTURE

2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4954
603-415-0190 • FAX: 603-415-0194



(7) a certificate of the Senior Credit Officer of the Authority stating that, based on the appraisals and other financial information submitted to the Authority by the Lender and the Borrower, the fair market value of the collateral which will secure the proposed loan which will be subject to the Authority's guarantee equals or exceeds 125 percent of the maximum principal amount of such loan;

(8) the resolution adopted by the Authority on October 21, 2013, which recommends that the Governor and Council award the proposed guarantee;

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

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

Respectfully Submitted,

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

By: 

Jack Donovan
Executive Director

See Attached Exhibits

cmc\gap\thomasmore
.req

LOAN SUMMARY

REQUEST - 80% BFA Guaranty under Guaranty Asset Program

BORROWER – The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation

LOCATION - 6 Manchester Street
Merrimack, New Hampshire 03054

TYPE OF BUSINESS – Service – four-year liberal arts college

LENDER - First Colebrook Bank
69 Route 101A
Amherst, New Hampshire 03031

AMOUNT OF LOAN - \$ 2,750,000

TYPE OF LOAN – Term Loan

PURPOSE – Restructure debt.

COLLATERAL – First mortgage on property located at 6 Manchester Street, Merrimack, New Hampshire, first mortgage on property located at 122 Old Ayer Road, Groton, Massachusetts and a first security interest in all business assets



**A RESOLUTION UNDER RSA 162-A:18
AWARDING A STATE GUARANTEE UNDER RSA 162-A:13
WITH RESPECT TO A LOAN FROM
FIRST COLEBROOKBANK TO THE THOMAS MORE COLLEGE OF LIBERAL
ARTS, INC. AND THOMAS MORE FOUNDATION**

WHEREAS, the Governor and Council (the "Governor and Council") of the State of New Hampshire (the "State") have received from the Business Finance Authority of the State of New Hampshire (the "Authority") its written recommendation that the Governor and Council make certain findings and determinations pursuant to RSA 162-A:18 with respect to the award of a guarantee of the Authority in an amount equal to eighty percent (80%) of the principal amount of a loan up to \$2,750,000 from First Colebrook Bank to The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation, pursuant to RSA 162-A:13 (the Guaranteed Asset Program or the "GAP Program");

WHEREAS, the proposed guarantee would require the pledge of the full faith and credit of the Authority in an amount not to exceed eighty percent (80%) of the proposed financing;

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

WHEREAS, the Governor and Council have received all the documentation and information with respect to the proposed award of the Authority's guarantee which they have requested; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT:

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

(a) Special Findings.

(i) The award of the guarantee as proposed will contribute significantly to the success of the financing.

(ii) Reasonable and appropriate measures have been taken to minimize the risk of loss to the Authority and insure that any private benefit from the award of the guarantee will be only incidental to the public purpose served thereby.

(b) General Findings.

THE THOMAS MORE COLLEGE OF LIBERAL ARTS, INC.

(i) The award of the guarantee as proposed will serve a public use and provide a public benefit.

(ii) The award of the guarantee as proposed is within the policy of, and the authority conferred by RSA Chapter 162-A.

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

(iv) The award of the guarantee as proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

2. Approval. The Governor and Council approve the Authority's taking such further action under the Act with respect to the award of the guarantee as may be required and authorize the Authority to take such further action with respect to such proposed execution as is necessary and appropriate to carry out the proposed transaction.

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

Passed and Agreed to November 6, 2013.

The Governor

Councilor

Councilor

Councilor

Councilor

Councilor

162-A:13 Capital Asset Backed Guarantee Program

I. Upon recommendation of the authority for the proper implementation of the declared purposes of this chapter, the governor and council may award a state guarantee of the principal of, interest on, and reasonable collection expenses related to, loans which meet the requirements set forth in this section. Such state guarantee shall not at any time exceed 90 percent of the principal, interest and related reasonable collection expenses with respect to such loan. The full faith and credit of the state shall be pledged for any such guarantee; provided that the guarantee shall not cause the contingent credit limit of RSA 162-A:22 to be exceeded.

II. The State's guarantee of a loan under this section shall be evidenced by a guarantee agreement entered into by the state, the lender and the borrower. Such guarantee agreement shall contain such terms and conditions as the authority and the governor and council may impose, including, without limitation, restrictions on the use of the loan proceeds, restrictions on the use and operation of any project financed or assisted by the loan, appropriate controls on the requisition of loan proceeds by the borrower, provisions for the state to demand acceleration of the payment of the loan in the event of a default by the borrower, provisions for payment to the authority of guarantee fees and reimbursement of costs and expenses, provisions for reimbursement of the state if the state is required to honor the guarantee, appropriate financial covenants, and provisions for the establishment of reserves. In addition, as a condition of awarding any guarantee, the state shall be subrogated to all of the rights and security of the lender to the extent it honors the guarantee. Any guarantee agreement authorized in accordance with this section shall be executed on behalf of the state by the chairperson, vice chairperson, or executive director of the authority. The governor, with the advice and consent of the council, is authorized to draw a warrant for such sum as may be necessary out of the money in the state treasury not otherwise appropriated, for the purpose of honoring any guarantee awarded under this section.

III. Any loan guaranteed under this section shall meet the following minimum requirements.

(a) The authority shall have received an appraisal of an independent party which shall state that the appraised fair market value equals or exceeds 125 percent of the total debt secured by the property.

(b) The authority shall have received a certification letter from the lender and the borrower which shall state that no more than 40 percent of the total principal amount of the loan shall be used to finance working capital.

(c) The final maturity date of the loan shall not be later than the later of 5 years from the date the loan was made or 5 years from the date the project was placed in service, provided that each loan may be renewed or refinanced for up to 2 additional 5-year periods.

(d) After the project has been placed in service, the principal balance of the loan shall be scheduled to be reduced annually by an amount equal to not less than the principal amount that would be paid under a 20-year amortization schedule requiring fixed annual payments, to be applied to accrued interest first with any excess to principal, and a fixed interest rate not less than the interest rate in effect on the date the loan becomes effective, provided that in connection with any renewal of a loan such principal reduction shall not be required.

(e) None months before the maturity date of any loan the borrower shall be required to give written notice to the authority of whether or not it intends to seek a renewal of the loan.

IV. The amount of any guarantee awarded under this section shall be reduced in proportion to any reduction in the principal balance of the loan.

V. The governor and council shall not award or renew any state guarantee under this section unless after a hearing they have made the findings specified in RSA 162-A:18.





**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

November 6, 2013

Her Excellency, Governor Margaret Wood Hassan
And the Honorable Council
State House
Concord, New Hampshire 03301

**RE: Award of State Guarantee with Respect to a Certain Loan from First
Colebrook Bank (the "Lender") to The Thomas More College of Liberal
Arts, Inc., and Thomas More Foundation (collectively, the "Borrower")**

Dear Governor and Council:

The purpose of this letter is to describe and explain the lending transactions with respect to which the guarantee of the State of New Hampshire is recommended by the Business Finance Authority.

1. **Statutory Authority.** RSA 162-A:13 authorizes the Authority to establish a "Guaranteed Asset Program" (the "GAP Program") to assist and encourage banking institutions to loan money to certain businesses operating within New Hampshire. Under this statutory authority, the Authority may recommend the award of a guarantee by the State of New Hampshire of the recovery of amounts loaned to certain businesses. The statute also provides that, upon the Authority's recommendation, the Governor and Council may, after holding a public hearing and making certain findings, approve such recommendation and award the guarantee.

2. **Concept of the GAP Program.** The Authority has developed the GAP Program as a significant part of its programs intended to facilitate the recapitalization of the New Hampshire business community. In general, unlike the other programs, the GAP Program focuses on assisting larger businesses which offer significant employment opportunities to New Hampshire residents. Encouraging and stabilizing the debt financing available to such businesses should achieve the substantial public purpose of creating and preserving key economic infrastructure within the State.

3. **The GAP Program Guarantee.** In general, the Authority's GAP Program seeks to encourage lenders to loan money to businesses by assuming a portion of the risk that, if a business fails, the lender will not recover all of the funds loaned to the business after pursuing all available collection rights. Accordingly, if any deficiency is determined to exist after a lender has pursued all of its available rights and remedies, the GAP Program guarantee would provide for the repayment of a portion of such deficiency to the lender. This formulation of the GAP Program guarantee ensures that the Authority is not required to enter the business of collection against failed loans; rather such activities remain the obligation of the lenders.

FINANCING FOR NEW HAMPSHIRE'S FUTURE

2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4954
603-415-0190 • FAX: 603-415-0194



4. **Guarantee Agreements.** RSA 162-A:13 requires the Authority to implement its GAP Program through "guarantee agreements" among the Authority, the State, the lender and the borrower. These agreements must meet minimum requirements established by statute, provide for the pledge of the full faith and credit of the State to support its guarantee and minimize the risk of loss to the State.

5. **The First Colebrook Bank / The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation Transaction.** With the above general background in mind, we proceed to describe the proposed financing transactions with respect to which the Authority has recommended the award of a GAP Program guarantee.

The guarantee has been requested with respect to a five year term note in the maximum principal amount of up to Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000) (the "Loan").

The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation operates a four-year liberal arts college. The company is located in Merrimack, NH where they employ 27 full time employees. The Loan proceeds are to be used to restructure company debt.

The Loan is in the principal amount of up to \$2,750,000 secured by a first mortgage on property located at 6 Manchester Street, Merrimack, New Hampshire., a first mortgage on property located at 122 Old Ayer Road, Groton, Massachusetts and a first security interest on all business assets.

The Borrower will repay the Loan in fifty-nine principal plus interest payments based on a fixed interest rate of 4.25% based on a twenty year amortization and one final payment of all principal plus accrued interest due at the maturity date.

6. **Scope of Recommended Guarantee.** The Authority is recommending the award of a guarantee of the Loan described above in an amount equal to 80% of any deficiency determined to exist after the Lender has diligently pursued all available collection rights. Accordingly, if the Borrower defaults under the Loan and after pursuing all collection rights a deficiency of \$2,750,000 is determined to exist under the Loan, the Authority and the State would be obligated to pay the Lender 80% percent of such amount (or \$2,200,000). By so limiting the Lender's risk, the Authority hopes to facilitate the provision of this important financing.

7. **Terms of the Guarantee Agreement.** The terms and conditions of the guarantee commitment are to be expressed in a "Guarantee Agreement" among the Authority, the State, the Lender and the Borrower. This agreement, to be substantially in the form submitted to the Governor and Council with this letter, includes the following terms and conditions which incorporate all statutory requirements.

(a) **Maximum Guarantee.** As noted, the guarantee would not exceed 80% percent of the principal amount of the Loan and accordingly would satisfy the statutory requirement that the guarantee not exceed 90 percent of the principal of the Loan plus interest thereon.

This 90 percent limitation, along with the requirement that a lender pursue all available collection rights prior to calling on the Authority or the State to make a guarantee payment, is intended to minimize risk of loss to the State.

(b) Authority Payment First, Then State. Any payment with respect to the guarantee would be made first from funds available to the Authority. Only after the Authority has determined that it does not have sufficient funds to pay the guarantee amount would the State be required to pay on the guarantee obligation.

(c) Use of Loan Proceeds. The proceeds of the Loan must be used as provided in the commitment letter and described above.

(d) Right of Acceleration. The Authority and the State will have the ability to demand that the Loan be accelerated in the event that the Borrower defaults on his obligations and does not cure such a default within 60 days.

(e) Fees and Expenses of the Authority. The Lender will be required to pay: (1) a closing fee of one percent (1%) of the maximum guarantee amount at the time the Loan transaction is consummated; and (2) an annual fee to the Authority equal to one percent (1%) of the product of the average principal amount of the Loan outstanding as of the close of the immediately preceding anniversary date multiplied by the Guarantee Percentage. All legal expenses incurred by the Authority in connection with the provisions of the guarantee must be paid by the Lender.

(f) Subrogation Rights. The State and the Authority, to the extent either is required to pay on the guarantee, shall be subrogated to the rights of the Lender.

(g) Notice of Lender's Intent. The Lender is required to notify the Authority at least nine months prior to the maturity date of the Loan as to whether or not the Lender intends to refinance the outstanding principal balance of the Loan.

(h) Proportionate Reduction in Guarantee. As principal and other amounts are collected under the Loan, the guarantee obligation of the Authority and the State is reduced.

8. 125-Percent Collateral Coverage Test. The statute requires that the appraised fair market value of the collateral securing the Loan equal or exceed 125 percent of the total principal amount of the Loan at the time the Loan is made. Based upon the certification of the Authority, the Authority has received such evidence as it deems necessary to determine that this requirement will have been satisfied as of the closing date of the Loan. This determination appears reasonable.

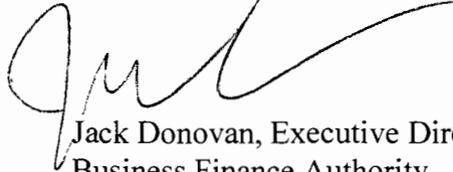
9. Working Capital Limitation. The statute requires that no more than 40 percent of the Loan may be used to finance working capital. This requirement has been satisfied.

10. Maturity Date Requirement. The statute requires the Loan to mature not later than ten years after (a) the date the Loan is made or (b) the date the "project" is placed in service. The proposed loan documents satisfy this requirement.

11. Principal Repayment Requirements. The statute requires that the principal balance of a Loan must be scheduled to be reduced annually by an amount equal to not less than the principal amount that would be paid under a 20 year amortization schedule. The repayment schedules required under the Loan satisfy this requirement.

In summary, all statutory requirements will be embodied and implemented in the proposed transaction and guarantee agreement.

Very truly yours



Jack Donovan, Executive Director
Business Finance Authority

**STATE OF NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

Guarantee Agreement

Guarantee Asset Program (GAP)

THIS GUARANTEE AGREEMENT (the "Agreement"), dated _____, _____, has three parties:

(1) the Business Finance Authority of the State of New Hampshire (the "Authority"), a public body corporate and agency of the State of New Hampshire (the "State"), whose address is 2 Pillsbury Street, Suite 201, Concord, New Hampshire, on behalf of the State,

(2) the following financial institution which is directly lending funds:

First Colebrook Bank
69 Route 101-A
Amherst, New Hampshire 03031
(the "Lender"), and

(3) the following companies which are borrowing funds from the Lender:

The Thomas More College of Liberal Arts, Inc. and
Thomas More Foundation
6 Manchester Street
Merrimack, New Hampshire 03054
(the "Borrower").

FUNDAMENTAL PREMISES FOR THIS AGREEMENT

This Agreement is based on the following fundamental premises:

1. The Authority has been created and established as a public body corporate and agency of the State by Chapter 162-A of New Hampshire's Revised Statutes Annotated, as amended by Chapter 262 of 1992 N.H. Laws (the "Act"), for the purpose of providing for the preservation, establishment and redevelopment of business and industry in the State.

2. The Authority is authorized and empowered under the RSA 162-A:13 to recommend that Governor and Council of the State of New Hampshire (the "Governor and Council") award a guarantee of the State of repayment of certain amounts arising under certain indebtedness owed by certain New Hampshire businesses to certain lenders (the "GAP Program").

3. The Act provides that such a guarantee awarded under the GAP Program shall be evidenced by a guarantee agreement entered into by the State, the lender and the borrower.

4. The Lender has applied for a guarantee in accordance with and under the Act and the GAP Program with respect to certain indebtedness provided or to be provided to the Borrower.

5. The Thomas More College of Liberal Arts, Inc is a private four-year liberal arts college located in Merrimack, New Hampshire. The company employs 27 full time New Hampshire residents.

6. The Authority has determined that the Business provides important service infrastructure which contributes significantly to the economy of the State.

7. The Authority has determined that the award of the guarantee in accordance with this Agreement and the Act will contribute significantly to the success of the proposed financing.

8. The Authority has determined that the award of the guarantee in accordance with this Agreement and the Act will preserve, maintain and enhance the State's economic infrastructure and social welfare.

9. The Authority has determined that the award of the guarantee in accordance with this Agreement and the Act will promote the orderly development of business activities and create or preserve employment opportunities within the State.

10. The Authority has determined that the award of the guarantee in accordance with this Agreement will be subject to reasonable and appropriate measures which will minimize the risk of loss to the State and will ensure that any private benefit from the award of the guarantee will be only incidental to the public purpose to be served by such guarantee.

11. The Authority has determined that the award of the guarantee in accordance with this Agreement and the Act will serve a public use and provide a public benefit.

TERMS AND CONDITIONS OF THIS AGREEMENT

The Authority, on behalf of the State, the Lender and the Borrower agree as follows:

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

(a) "Acceleration Date" means the date on which the Lender accelerates all or any portion of the obligations of the Borrower under the Loan by providing written notice of demand and acceleration to the Borrower.

(b) "Affiliate of the Borrower" means any person or entity directly or indirectly controlled by the Borrower or directly or indirectly controlling the Borrower. For purposes of this definition, a person controls another person if such person directly or indirectly, or acting

through or in concert with one or more persons: (i) owns, controls, or has the power to vote 50 percent or more of any class of voting securities or interests of the other person; (ii) controls in any manner the election or appointment of a majority of the directors or management of the other person; or (iii) has the power to exercise a controlling influence over the management or policies of the other person.

(c) "Affiliate of the Lender" means any entity which would be treated as an affiliate of the Lender for purposes of applicable federal law.

(d) "Authority's Service Fee" means the fee of the Authority to be paid by the Lender to the Authority for its own use as such fee is specified in Schedule 1(d) attached to this Agreement.

(e) "Authority's Legal Fees and Expenses" means reasonable legal fees and expenses incurred by the Authority in connection with the preparation, negotiation, execution and delivery of this Agreement.

(f) "Call Date" means the date on which each and every Collection Activity with respect to the Loan shall have been completed by the Lender to the extent commercially practicable or waived in writing by the Authority.

(g) "Claim Preservation Rate of Interest" means the effective rate of interest per annum paid by the Federal Reserve for overnight federal funds transactions with member banks as such rate exists at the beginning of business on the ninety-first day after the Acceleration Date, and as adjusted thereafter every 180 days.

(h) "Collateral" means all of the rights, title and interest to property of the type described in Schedule 1(h) hereto, now or hereafter acquired.

(i) "Collection Activity" means all those commercially reasonable methods of collection required to be employed and completed by the Lender, or its agents, during the Collection Period to achieve the following collection objectives with respect to the Collateral, to the extent the Collateral involves assets or properties described in the following categories, unless completion of any of such collection objectives is waived in writing by the Authority:

(i) Equipment, Inventory and Certain Other Personal Property. The Lender shall sell, assign, or otherwise dispose of, or cause to be sold, assigned or otherwise disposed of, each and every component of equipment, inventory and other personal property which constitutes Collateral and which is not described in paragraph 1(i)(ii) at public auction or private sale, by liquidation sale or other complete disposition, or as if such sale was being made in the ordinary course of the Borrower's business, all as the Lender, or its agents, deems best and in a commercially reasonable manner.

(ii) Accounts Receivable. The Lender shall notify all of the Borrower's account debtors existing as of the Acceleration Date, or thereafter, of the security interests held by the Lender in all of the Borrower's accounts receivable; direct and require that payments on such accounts receivable be made directly to the Lender or Lender's agent;

and actively pursue all reasonable methods to collect each and every account receivable or proceeds therefrom (including, but not limited to, the hiring or managing of any collection agency) for a period of 180 days after written notification is sent to such account debtor as set forth above. Notwithstanding anything in this subparagraph that might be interpreted to the contrary, the Lender shall pursue collection of all of the Borrower's accounts receivable in a prudent, diligent and commercially reasonable manner before and after the 180-day period specified in this subparagraph.

(iii) Accounts and Instruments. The Lender shall exercise all rights of set-off against the accounts and instruments of the Borrower held by or in the possession of the Lender, including all checks, money, securities, accounts, bank accounts, deposit accounts and other accounts in the possession of or held by the Lender whether in the name of the Borrower or the name of the Lender, as allowed by law and obtain possession of such proceeds.

(iv) Mortgaged Property. The Lender shall foreclose or otherwise convey or obtain title to all of the Lender's rights, title and interest in and to real property with respect to which the Borrower has delivered to Lender a mortgage deed in accordance with and in full satisfaction of all applicable laws. The completion of such foreclosure shall be evidenced by either the Lender's receipt of the proceeds from the foreclosure sale or title deed to such property held in the name of the Lender or an Affiliate of the Lender, or Lender's agent.

(v) Bankruptcy. If the Borrower files or has filed against it a petition under any chapter of the United States Bankruptcy Code, the Lender shall diligently and prudently pursue its claim in such proceeding until payment of a final distribution with respect to the Loan, if any, of the Borrower's estate to the Lender or until the Lender's claim with respect to the Loan is fixed by confirmation of a plan of reorganization of the Borrower.

(j) "Collection Period" means the period beginning on the Acceleration Date and ending on the Call Date.

(k) "Collection Proceeds" means all cash, funds or other amounts received or realized by the Lender, before reduction for any costs of collection, foreclosure, sale, or other costs of any kind, during the Collection Period arising from the exercise of rights pursuant to the Collateral and any other amounts or funds which are applied against the Loan in accordance with the Loan Documents. For purposes of this paragraph 1(k), the following special rules shall apply:

(i) if the Lender or any Affiliate of the Lender acquires title to any item of the Collateral in partial or full satisfaction of the Loan, the fair market value of such Collateral as determined by an independent appraiser acceptable to both the Lender and the Authority within six months before or after such transaction shall be deemed to be the Collection Proceeds with respect to such Collateral;

(ii) if the Lender receives any consideration other than cash in satisfaction of its claim against the Borrower's estate in accordance with the United States Bankruptcy Code, the fair market value of such consideration as determined by an independent appraiser acceptable to both the Lender and the Authority shall be deemed to be the Collection Proceeds with respect to such consideration;

(iii) if the Lender receives any consideration in satisfaction of its claim against the Borrower's estate in accordance with the United States Bankruptcy Code, and such claim is based in part upon indebtedness other than the Loan, the Authority and the Lender shall agree on a fair and appropriate allocation of such consideration to the Loan and such other indebtedness;

(iv) if, for purposes of subparagraphs (k)(i) and (k)(ii), the parties are unable to agree upon the selection of an independent appraiser, each of the parties shall select an independent appraiser, who shall each determine the fair market value of the Collateral or consideration in question, and the average of such determinations shall be deemed to be the Collection Proceeds with respect to such Collateral or consideration; and

(v) if any portion of the Lender's right, title and interest in and to the Collateral or any portion of the Borrower's obligations under the Loan Documents is avoided pursuant to applicable federal bankruptcy laws with respect to fraudulent transfers and obligations or state fraudulent transfer laws, the value or amount of such avoided portion shall be deemed to constitute Collection Proceeds.

(l) "Effective Date" means the date on which the Loan Documents and this Agreement are executed and delivered.

(m) "Event of Default" means either of the following events if the same shall occur and be continuing after the grace period and notice required (if any) applicable thereto:

(i) any representation or warranty made by the Lender in this Agreement shall prove to have been incorrect when made in a manner which has a material adverse effect on the rights of the Authority or the State under this Agreement; or

(ii) the Lender shall fail to perform or observe any term or covenant on its part to be performed or observed contained in this Agreement in a manner which has a material adverse effect on any rights of the Authority and the State and such failure shall remain unremedied, after written notice thereof shall have been given to the Lender by the Authority or the State, for a period of 30 days.

(n) "Guarantee Percentage" means 80 percent.

(o) "Guaranteed Amount" means the product of the Guarantee Percentage multiplied by the Realized Deficiency Amount.

(p) "Loan" means the obligation described in Schedule 1(p) attached to this Agreement.

(q) "Loan Documents" means the loan and financing documents which are listed and described in Schedule 1(q) to this Agreement, and any other loan, financing, security or other agreements or documents which affect the Lender's rights, duties, immunities or liabilities under the documents listed in Schedule 1(q).

(r) "Public Policy Covenant" means the covenant of the Borrower to be set forth in the Loan Documents as provided in paragraph 10(k) of the Agreement.

(s) "Realized Deficiency Amount" means the sum of:

(i) the outstanding amount of principal owed to the Lender pursuant to the terms of the Loan as of the Acceleration Date; plus

(ii) the outstanding amount of interest owed to the Lender pursuant to the terms of the Loan which has accrued at the Stated Rate of Interest prior to and during the 90-day period ending on the close of business on the ninetieth day following the Acceleration Date; plus

(iii) an amount of interest determined by applying the Claim Preservation Rate of Interest to the sum of those amounts described in paragraphs 1(s)(i) and 1(s)(ii) less any Collection Proceeds during any applicable computation period of the Collection Period, beginning on the 91st day following the Acceleration Date and then beginning and ending on each and every date on which Collection Proceeds are realized; plus

(iv) the amount of reasonable costs incurred by the Lender in the performance and management of each and every Collection Activity and in the preservation of Collateral which remain outstanding as of the Call Date; minus

(v) all Collection Proceeds.

In no event shall the Realized Deficiency Amount include any amount attributable to (A) damages incurred by the Lender as a result of a claim against the Lender for negligence, misconduct or otherwise, or (B) unpaid late charges or unpaid penalty charges imposed by the Lender.

(t) "Stated Rate of Interest" means the rate of interest stated in the Loan which is applicable during any period prior to an event of default under the Loan. Such term shall not include any "default" or "penalty" rate of interest or other late charges which the Loan Documents may require as a result of an event of default.

2. Guarantee Against Financial Loss by the Authority. Subject to the terms and conditions of this Agreement, the Authority hereby guarantees the payment of the Guaranteed Amount and shall pay the Guaranteed Amount to the Lender within 30 days after the date on which the Lender provides written notice to the Authority that a Call Date has occurred. Such

notice shall be delivered to the Authority not later than 60 days after a Call Date has occurred. Such notice shall include a history certified by an appropriate officer of the Lender of disbursements, payments, accruals of interest, any other charges or costs, and a summary of all Collection Activities undertaken with respect to the Loan Documents. Upon request of the Authority, the Lender shall provide the Authority with such further information as may be reasonably requested by the Authority.

3. Right to Review Lender's Guarantee Claim. Upon receipt of the written notice that a Call Date has occurred, the Authority shall have the right to review all aspects of the Loan and the Loan Documents which relate to the determination of the Guaranteed Amount. Prior to expiration of the 30-day period after receipt by the Authority of the written notice that a Call Date has occurred, the Authority shall either approve the payment of the Guaranteed Amount as specified in such notice or shall issue a written notice of proposed adjustment of such Guaranteed Amount to the Lender which shall state the basis for the proposed adjustment. At the time such notice of proposed adjustment is delivered, the Authority shall pay to the Lender the Guaranteed Amount, if any, as proposed in such notice. Upon receiving such a notice of proposed adjustment, the Lender may object to such notice by delivering a written statement of objection to the Authority explaining the basis or bases for such objection within 10 days after receipt of the Authority's notice of proposed adjustment. Within 30 days after receipt of the Lender's written objection, the Board of Directors of the Authority shall determine in its sole discretion whether to adjust the Guaranteed Amount at a meeting duly noticed for such purpose. The Authority shall provide the Lender with written notice of the Board of Directors decision within seven days of its decision. If the Authority and the Lender are unable to resolve a dispute by other means, the Authority may elect to resolve the dispute by arbitration pursuant to the rules of the American Arbitration Association. The Lender hereby consents to proceeding by means of arbitration. Both parties agree to be bound by any decision issued pursuant to such arbitration. In the event that the Authority does not elect to proceed by arbitration, either party may seek to resolve the dispute by bringing an action in a court of appropriate jurisdiction. If the Lender desires to commence litigation to resolve the matter after receiving notice of the decision of the Board of Directors, it shall send written demand that the Authority elect whether to resolve the dispute by arbitration, and if the Authority elects arbitration, it shall notify the Lender within ten (10) days of the date of such demand; otherwise, the Lender may thereafter commence litigation to resolve the dispute.

4. Subrogation Rights. Upon making payment of the Guaranteed Amount pursuant to paragraph 2 of this Agreement, the Authority shall, to the extent it makes such payment, be subrogated to the rights of the Lender with respect to the Loan, the Collateral, and other rights of recovery provided under the Loan Documents with respect to the Loan. Upon payment of the Guaranteed Amount, the Authority may in its sole discretion direct the Lender to assign all rights under Loan Documents with respect to the Loan, without recourse, to the Authority, and the Authority shall then issue to the Lender a certificate of interest evidencing the percentage of the Loan retained by the Lender. Election by the Authority to obtain an assignment of the Loan Documents shall not waive any right of the Authority arising from any negligence, misconduct or violation by the Lender of any provision of this Agreement. The Lender shall provide the Authority with reasonable assistance thereafter as the Authority may request in proceeding with respect to any such collateral, security or other right of recovery, except that such reasonable assistance shall not require the Lender to incur any out-of-pocket expenses. If the Authority receives any funds as a result of enforcement actions taken with respect to any such collateral, security or

other right of recovery, the Authority shall promptly pay over to the Lender its pro rata share of such amount, after reduction for any reasonable out-of-pocket expenses incurred by the Authority in taking such enforcement actions.

5. State Guarantee.

(a) Guarantee Commitment. Subject to the terms and conditions of this paragraph 5 and this Agreement, the State hereby guarantees the payment of the Guaranteed Amount, and for the performance of such guarantee the full faith and credit of the State are pledged. The State's guarantee obligation hereunder shall be solely with respect to the principal and interest of the Loan, subject to the limitations and adjustments contained in this Agreement, including the provisions for the determination of the Realized Deficiency Amount contained in paragraph 1(s) of this Agreement.

(b) Claim on Guarantee. If the Authority does not have moneys sufficient to pay the Guaranteed Amount as determined pursuant to paragraphs 2 and 3 of this Agreement at the time such payment becomes due, the Authority shall notify the State of such deficiency (the "Remaining Deficiency Amount") by telephone or telecopy, which notice shall be confirmed in writing, with a copy to the Lender. Such notice shall specify the amount of the Remaining Deficiency Amount. If additional moneys for the payment of such Remaining Deficiency Amount become available to either the Authority or the Lender prior to such payment but after the giving of notice, the Authority or the Lender shall notify the State and such additional moneys shall be applied to reduce such Remaining Deficiency Amount, and, if the State also disburses funds covering the amount of such additional moneys, the Authority or the Lender shall promptly remit an amount equal to such additional moneys to the State.

(c) Payment by the State. No later than 3:00 P.M. on the 30th day after receipt by the State of the notice specified in paragraph 5(b), the State shall pay the Remaining Deficiency Amount stated in the notice directly to the Lender.

(d) Subrogation. In addition to all other rights granted the State under this Agreement, the Authority and the Lender hereby agree that the State shall, to the extent it makes payments of the Guaranteed Amount, be subrogated to the rights of the Lender with respect to the Loan, the Collateral, and other rights of recovery provided under the Loan Documents with respect to the Loan. Such subrogation rights shall be coextensive with the subrogation rights of the Authority under paragraph 5 hereof and shall not increase or otherwise affect the Borrower's liability under the Loan Documents.

6. Recovery by Lender Subsequent to Payment of Guaranteed Amount. If subsequent to receiving payment of the Guaranteed Amount pursuant to paragraph 2 or paragraph 5 of this Agreement the Lender shall recover any amount with respect to the Loan, the Lender shall promptly pay to each of the State and the Authority the share of such recovered amount which reflects the payment of the Guaranteed Amount made by each party (the aggregate share to equal the Guarantee Percentage multiplied by such recovered amount), less a proportionate share of any reasonable out-of-pocket expenses incurred by the Lender in recovering such amount.

7. Guarantee Termination Date. The obligation of either the Authority or the State to guarantee or make payment of any amount to the Lender pursuant to paragraph 2 or paragraph 5 of this Agreement shall expire on the earliest to occur of: (i) the date upon which the Authority receives a written certificate executed by the Lender which states that all indebtedness under the Loan Documents entitled to the benefits of such guarantee payment has been fully paid; (ii) the date upon which the Authority receives a written certificate executed by the Lender which states that the Lender agrees to terminate the obligations of the State to make a guarantee payment; (iii) the date on which an Event of Default shall have occurred; and (iv) 2:00 p.m. on the fifth anniversary of the Effective Date (the "Stated Termination Time"). Provided, however, that if the Borrower defaults under the Loan Documents prior to or as of the fifth anniversary of the Effective Date and the Lender provides timely written notice to the Authority prior to five days after the Stated Termination Time that such default has occurred, then the obligations of the State and the Authority to guarantee or make payment to the Lender pursuant to paragraph 2 of this Agreement shall continue until the later to occur of: (i) the date upon which the Authority receives a written certificate executed by the Lender that such default has been cured; or (ii) the date on which the Authority or the State makes payment of its guarantee obligation, if any, pursuant to the terms of this Agreement.

8. Conditions Precedent to the Guarantee Obligation. The obligation of either the State or the Authority to make payment to the Lender pursuant to paragraph 2 or paragraph 5 of this Agreement shall not become effective until the following conditions precedent shall have been satisfied or waived in writing by the Authority:

(a) Receipt of Documents. The Authority shall have received the following, each dated the date of delivery thereof (unless otherwise specified below), in form and substance satisfactory to the Authority:

(i) Counterparts to this Agreement, duly executed by the Lender and the Borrower.

(ii) Executed copies (or duplicate copies thereof certified as of the Effective Date by the Lender to be a true copy) of each of the Loan Documents, duly executed by the parties thereto.

(iii) Certified copies of the actions or resolutions of the Board of Directors or other appropriate authority of the Lender and the Borrower approving this Agreement and the Loan Documents, and of all documents evidencing other necessary corporate action, if any, with respect to the execution, delivery and performance by the Lender and the Borrower of this Agreement and the Loan Documents.

(iv) A certificate of a duly authorized officer of the Borrower certifying that Schedule 11(i) to this Agreement includes a description of all pending or known threatened actions or proceedings affecting the Borrower or its properties before any court, government agency or arbitrator, which may, if adversely determined (A) purport to affect the legality, validity or enforceability of the Loan Documents or (B) materially adversely affect the financial condition, properties, prospects or operations of the Borrower.

(v) An balance sheet of the Borrower as of May 31, 2013, and certified financial statements of the Borrower setting forth the results of operations of the Borrower for the fiscal period ending on such date, together with pro forma adjustments thereto, certified by the President or Treasurer of the Borrower that such pro formas were prepared in good faith and on reasonable assumptions, in form and substance satisfactory to the Authority, reflecting the proposed capital structure of the Borrower on the Effective Date after giving effect to the Loan and the transactions contemplated by the Loan Documents.

(vi) Financial projections, on assumptions acceptable to the Authority, demonstrating compliance with the terms of the Loan Documents.

(vii) A certificate signed by the appropriate loan officer of the Lender, certifying that appropriate officials of the Lender have reviewed the balance sheet, financial statements and financial projections described in the prior two subparagraphs and that the figures, statements and conclusions therein are, to the best of Lender's knowledge, reasonable.

(viii) Favorable opinion of Counsel to the Borrower, in substantially the form of Schedule 8(a)(viii)(B) attached hereto and as to such other matters as the Authority may reasonably request.

(ix) Such other instruments, certificates, opinions, surveys and other documents as the Authority may reasonably request, all in form and substance acceptable to the Authority.

(b) Loan Documents Effective. Each of the Loan Documents, which shall be in form and substance acceptable to the Authority, shall be in full force and effect and all conditions to making advances thereunder shall have been satisfied.

(c) Appraisals. The Authority shall have received appraisals in form and substance acceptable to the Authority demonstrating that the fair market value of the Collateral shall equal or exceed 125 percent of the maximum principal amount which may be advanced under the Loan.

(d) Fees and Expenses. The Lender shall have paid all Authority Service Fees and all Authority Legal Fees and Expenses, to the extent then due and payable.

(e) Good Title. The Borrower shall have good and marketable title to the Collateral in fee simple and full possession thereof, free and clear of all liens and encumbrances except such encumbrances expressly excepted by the Authority.

(f) Certificates. The Authority shall have received a certificate from the Borrower and from the Lender in form and substance acceptable to the Authority stating that no more than forty percent (40%) of the total principal amount of the Loan shall be used to finance working capital.

(g) Renewal. The Loan Documents shall require the Borrower to provide written notice to the Authority at least nine months before Stated Termination Times of whether it intends to seek a renewal of the Loan.

9. Representations and Warranties of the Authority. The Authority represents and warrants:

(a) Valid Existence. The Authority is validly organized and existing as a public body corporate and agency of the State.

(b) Due Authorization, No Violation. The execution, delivery and performance by the Authority and the State of this Agreement are within the powers of the Authority and the State, have been duly authorized by all action necessary on the part of the Authority and the State, and do not and will not contravene any law or legal or contractual restriction binding on or affecting the Authority and the State.

10. Representations and Warranties of the Lender. The Lender represents and warrants:

(a) Valid Existence and Qualification. The Lender is a banking association duly organized and validly existing under the laws of the State of New Hampshire. The Lender is duly qualified to do business in, and is in good standing in New Hampshire.

(b) Due Authorization, No Violation. The execution, delivery and performance by the Lender of this Agreement and each Loan Document are within the Lender's powers, have been duly authorized by all necessary action, and do not and will not contravene (i) the Lender's charter or by-laws or (ii) any law or legal or contractual restriction binding on or affecting the Lender.

(c) Agreement and Loan Documents Valid and Binding. This Agreement and each of the Loan Documents when delivered will be legal, valid and binding obligations of the Lender enforceable against the Lender in accordance with their respective terms; subject to the qualification, however, that the enforcement of rights and remedies herein and contained in the Loan Documents is subject to bankruptcy and other similar laws of general application affecting the rights and remedies of creditors and to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(d) Possession of Loan Documents. The Lender has in its possession an original executed version of each and every Loan Document, except as set forth in Schedule 10(d) hereto.

(e) No Default. Immediately upon making the Loan, to the best of Lender's knowledge, neither the Borrower nor any Affiliate of the Borrower will be in material violation or default of any terms or conditions of any of the Loan Documents, any other agreement between the Lender and the Borrower or any Affiliate of the Borrower or any obligation of the Borrower or any Affiliate of the Borrower to the Lender.

(f) Compliance with Lending Laws. The Lender has complied in all material respects with all applicable federal and state laws, statutes, rules and regulations pertaining to the making of the Loan.

(g) True Documents. No application, exhibit, schedule, report or other written information provided by the Lender or its agents to the Authority in connection with the negotiation, execution and closing of this Agreement knowingly contained when made any material misstatement of fact or knowingly omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

(h) Collateral Coverage. To the best of Lender's knowledge, the fair market value of the Collateral equals or exceeds 125 percent of the maximum principal amount of the Loan which may be advanced under the terms of the Loan Documents. For purposes of this representation and warranty, the Lender may rely on appraisals prepared by an independent qualified appraiser within six months prior to the Effective Date provided that the Lender has no reason to believe that such appraisals are inadequate or incorrect.

(i) Lender's Credit Decision. The Lender acknowledges that it has, independently and without reliance upon the Authority or any of the Authority's officers, employees or agents, and based upon such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into the Loan and the Loan Documents. The Lender further acknowledges that the Authority, its officers, employees or agents, have not directly or indirectly controlled or influenced the Lender's decision to enter into the Loan and the Loan Documents.

(j) No Other Agreements. There does not exist, nor has the Lender entered into any additional, side or collateral agreement with the Borrower relating to the Loan which are not fully set forth in the Loan Documents.

(k) Public Policy Loan Covenant. The Loan Documents contain a covenant in substantially the following form that the Borrower shall not, without the consent of the Authority, sell, lease, transfer or otherwise dispose of all or substantially all of its assets (whether in a single transaction or series of transactions during any consecutive 12-month period) other than in the ordinary course of the Borrower's business in accordance with ordinary and customary terms and conditions.

(l) No Governmental Action Necessary. No authorization, approval, exemption, or consent by any governmental or public body or authority is required in connection with the Lender's consummation of the transactions contemplated under the Agreement and the Loan Documents to be performed by the Lender.

(m) No Actions Pending. There are no actions, proceedings or investigations pending or, to the best of the Lender's knowledge, threatened against the Lender before any court, government agency or other tribunal which might materially and adversely affect the perfor-

mance by the Lender of its obligations under, or the validity or enforceability of the Agreement or the Loan Documents.

11. Representations and Warranties of the Borrower. The Borrower represents and warrants:

(a) Valid Existence and Qualification. The Borrower is a 501(c)3 non-profit corporation duly organized, validly existing and in good standing under the laws of the State of New Hampshire. The Borrower is duly qualified to do business in, and is in good standing in, all other jurisdictions where the nature of its business or the nature of property owned or used by it makes such qualifications necessary.

(b) Due Authorization, No Violation. The execution, delivery and performance by the Borrower of this Agreement and each Loan Document are within the Borrower's powers, have been duly authorized by all necessary action, and do not and will not contravene (i) the Borrower's organizational documents (if any) or (ii) any law or legal or contractual restriction binding on or affecting the Borrower.

(c) Agreement and Loan Documents Valid and Binding. This Agreement and each of the Loan Documents when delivered will be legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms; subject to the qualification, however, that the enforcement of rights and remedies herein and contained in the Loan Documents is subject to bankruptcy and other similar laws of general application affecting the rights and remedies of creditors and to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(d) No Default. Immediately upon making the Loan, to the best of Borrower's knowledge, neither the Borrower nor any Affiliate of the Borrower will be in material violation or default of any terms or conditions of any of the Loan Documents or any other agreement between the Lender and the Borrower or any Affiliate of the Borrower or any obligation of the Borrower or any Affiliate of the Borrower to the Lender.

(e) True Documents. No application, exhibit, schedule, report or other written information provided by the Borrower or its agents to the Authority in connection with the negotiation, execution and closing of this Agreement knowingly contained when made any material misstatement of fact or knowingly omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

(f) Collateral Coverage. To the best of Borrower's knowledge, the fair market value of the Collateral equals or exceeds 125 percent of the maximum principal amount of the Loan which may be advanced under the terms of the Loan Documents.

(g) Borrower's Credit Decision. The Borrower acknowledges that it has, independently and without reliance upon the Authority or any of the Authority's officers, employees or agents, and based upon such documents and information as it has deemed appropriate,

made its own analysis and decision to enter into the Loan and the Loan Documents. The Borrower further acknowledges that the Authority, its officers, employees or agents, have not directly or indirectly controlled or influenced the Borrower's decision to enter into the Loan and the Loan Documents.

(h) No Other Agreements. There does not exist, nor has the Borrower entered, into any additional, side or collateral agreement with the Lender relating to the Loan which are not fully set forth in the Loan Documents.

(i) No Litigation or Governmental Proceeding. Except as set forth in Schedule 11(i) hereto, there is no pending or known threatened action or proceeding (including, without limitation, any action or proceeding relating to any environmental protection laws or regulations) affecting the Borrower or its properties before any court, governmental agency or arbitrator, which may, if adversely determined, (A) affect the legality, validity, or enforceability of this Agreement or any of the Loan Documents or (B) materially adversely affect the financial condition, properties, prospects or operations of the Borrower as a whole.

(j) Taxes Current. The Borrower has filed all tax returns (federal, state and local) required to be filed and paid taxes shown thereon to be due, including interest and penalties, or, to the extent the Borrower is contesting in good faith an assertion of liability based on such returns, has provided adequate reserves in accordance with generally accepted accounting principles for payment thereof.

(k) Use of Proceeds. The proceeds of the Loan shall be used by the Borrower to restructure debt.

12. Covenants of the Lender.

(a) Affirmative Covenants. On and after the Effective Date so long as the obligation to guarantee the Loan created under this Agreement shall remain in force, the Lender will, unless the Authority shall otherwise consent in writing:

(i) Preservation of Existence. Preserve and maintain its corporate existence.

(ii) Compliance with Laws, Etc. Comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, including without limitations any such laws, rules, regulations and orders relating to banks and banking companies.

(iii) Inspection Rights. At any time and from time to time upon reasonable notice, permit the Authority and its employees and representatives to examine and make copies of and abstracts from the records and books of account of and the Lender and to discuss the affairs, finances and accounts of the Lender with the Lender and its officers, directors and accountants, to the extent that such inspection reasonably relates to the Loan and the Loan Documents; provided, however, that the Authority shall not copy or extract any information from such files unless (i) the information is protected from dis-

closure pursuant to RSA Chapter 91-A (the "Right to Know Law"), in which case the Authority agrees to invoke the confidentiality provisions of the Right to Know Law, (ii) if such information cannot be so protected, the consent of the Borrower has been obtained, or (iii) the information is within the public domain.

(iv) Keeping of Books. Keep proper records and books of account in which full and correct entries shall be made of all activity relating to the Loan and the transactions contemplated by the Loan Documents, in accordance with good accounting practices consistently applied.

(v) Notification of Default. Notify the Authority promptly of any default or event of default under the terms of the Loan Documents or any other agreement between the Lender and the Borrower, or as soon as practicable upon realization by the Lender of an anticipated default or event of default by the Borrower under the terms of the Loan Documents or any other agreement between the Lender and the Borrower.

(vi) Correspondence and Reports. Provide the Authority with copies of any and all annual financial statements, financial reports, balance sheets, and income statements received by the Lender from the Borrower and all reports concerning the financial status of the Borrower prepared by the Lender or a Lender's agent and forwarded by the Lender to the Borrower.

(vii) Annual Loans Transaction Reports. Provide the Authority with an annual status report concerning the Loan on or before the fifteenth day of April of each year indicating disbursements, payments, accruals of interest and any other charges or costs undertaken with respect to the Loan.

(viii) Monthly Collection Reports. After any date on which the Borrower defaults in its obligations under the Loan Documents, provide the Authority with a monthly status report concerning the status of the Lender's efforts to cure such default or to realize upon any collection rights under the Loan Documents.

(ix) Copies of Loan Documents. Provide the Authority with copies of all Loan Documents and any and all amendments thereto as executed and, if applicable, recorded in the appropriate filing or recording offices.

(x) Servicing. Service the Loan in accordance with the Lender's standard policies and procedures, and in accordance with the standard of loan servicing employed by the Lender for its commercial loan portfolio generally.

(xi) Pursuit of Payment. Proceed diligently to collect all payments due under the Loan and the Loan Documents as and when the same shall become due and payable and promptly discharge all the obligations of the Lender under each of the Loan Documents.

(xii) Commercially Reasonable Collection Activities. Pursue each and every Collection Activity in a prudent, diligent and commercially reasonable manner.

(xiii) Fees and Expenses. Pay, or cause to be paid, the Authority Service Fee and all Authority Legal Fees and Expenses when such fees shall become due.

(xiv) Acceleration. Accelerate and declare all obligations of the Borrower under the Loan Documents with respect to the Loan immediately due and payable on the 60th day after receiving written notice from the Authority directing the Lender to take such action after a default or an event of default has occurred under the terms of the Loan Documents, unless such default has been cured prior to such 60th day.

(xv) Security Interest. Subordinate, and hereby does subordinate, any security interest in the Collateral securing obligations other than the Loan, whether created by the Loan Documents or other instruments and whether now existing or hereafter created, to the security interest in the Collateral securing the Loan, which shall be and remain a first priority security interest and agrees that the proceeds realized from any disposition of the Collateral shall be utilized to pay the Loan in full before being applied to any other obligation.

(b) Negative Covenants. Notwithstanding anything in the Loan Documents to the contrary, on and after the Effective Date so long as the obligation to guarantee the Loan created under this Agreement shall remain in force, the Lender will not, without the prior written consent of the Authority:

(i) No Amendments, Consents, Etc. Amend, modify or supplement or give any consent, acceptance or approval to any amendment, modification or supplement or deviation by any party from the terms of the Loan Documents to the extent the same may in any way affect the Loan.

(ii) No New Agreements. Enter into any agreement with the Borrower to extend new or additional indebtedness in an amount which exceeds \$10,000 (not including new advances contemplated by existing agreements) or to take new or additional collateral or security for any obligation.

(iii) No Preferential Security. Acquire any preferential security, surety or insurance to protect that portion of the Loan which is not subject to the guarantee herein provided.

(iv) No Transfer or Assignment. Transfer, convey or otherwise assign any of the Lender's rights under the Loan and the Loan Documents.

(v) No Release of Collateral. Release or discharge any Collateral except as sold and replaced in the ordinary course of business.

(vi) No Set-Off Against Other Indebtedness. Apply any funds realized through the set-off of any deposits or accounts of the Borrower, any Affiliate of the Borrower or any guarantor, against indebtedness other than the Loan.

13. Authority's Repurchase Rights. Subject to the limitations contained in this paragraph, the Authority shall have the right to purchase at any time during the period of its obligation to make payment of the Guarantee Amount pursuant to paragraph 2 of this Agreement is outstanding, and the Lender shall sell to the Authority, an interest in the guaranteed portion of the Loan for a period of time not less than 30 days nor more than 12 months. At the conclusion of the stated period for such purchase, the Lender shall repurchase such interest from the Authority. The Lender's failure to make payment pursuant to any repurchase obligation shall be deemed to be a failure to perform under this Agreement and accordingly shall constitute an Event of Default under this Agreement. With respect to any such transaction, the Authority's right to purchase an interest in the Loan and the Lender's obligation to repurchase such interest shall be evidenced by a repurchase agreement substantially in the form attached to this Agreement as Schedule 13. The repurchase price of the interest shall be determined so that the Authority's rate of return on the transaction is equal to the difference between the effective interest rate on the Loan during the period the repurchase agreement is in effect less 125 basis points on a per annum basis.

14. Limitations on Actions by the State and the Authority. The State and the Authority shall not be required to monitor the financial condition of the Borrower or the condition of any of the Collateral, and, unless otherwise expressly provided in this Agreement, shall not have any responsibilities with respect to notices, certificates or other documents filed with it hereunder. The State and Authority shall not be required to take any action unless indemnity reasonably satisfactory to it is furnished for expenses or liabilities to be incurred therein.

15. Expenses of the Authority. The Lender shall pay when due the Authority's Service Fee as set forth in Schedule 1(d) to this Agreement and shall prepay or reimburse the Authority within 30 days after notice for all expenses (including reasonable attorney's fees) incurred by the Authority as a result of undertaking any activity at the request of the Lender in connection with this Agreement. Any fees, expenses, reimbursements or other charges which the Authority may be entitled to receive from the Lender hereunder, if not paid when due, shall bear interest at 15 percent per annum. In addition to such interest, if any fees, expenses, reimbursements or other charges which the Authority may be entitled to receive from the Lender hereunder remain unpaid on the 30th day after the due date, a late charge equal to five percent of the unpaid amount shall be assessed against the Lender. Acceptance of payment of any such fees, expenses, reimbursements or other charges shall not constitute any waiver by the Authority or the State of any negligence or other malfeasance on the part of the Lender.

16. Actions by the Authority. Any action which may be taken on behalf the Authority hereunder shall be deemed sufficiently taken if taken on its behalf by its Chairman, its Vice Chairman, or its Executive Director, or by any other director, officer or agent whom it may designate from time to time.

17. Matters to be Considered by the Authority. In approving, concurring in or consenting to action or in exercising any discretion or in making any determination under this Agreement, the Authority may consider the interests of the public, which shall include the anticipated effect of any transaction on tax revenues and employment, as well as the interests of the other parties hereto; provided, however, nothing herein shall be construed as conferring on any person other than the other parties any right to notice, hearing or participation in the Authority's

consideration, and nothing in this paragraph shall be construed as conferring on any of them any right additional to those conferred elsewhere herein. Subject to the foregoing, the Authority shall not unreasonably withhold any approval or consent to be given it hereunder.

18. State May Act on Behalf of Authority. The State may take or omit to take any action authorized or permitted to be taken or omitted by the Authority hereunder as if the State were the Authority.

19. Amendments.

(a) Without the Borrower's Consent. The Authority and the Lender may in writing from time to time, without the consent of the Borrower, amend this Agreement in regard to matters or questions arising under this Agreement as shall not be inconsistent with the provisions of this Agreement and which shall not materially adversely affect the interests of the Borrower.

(b) With the Borrower's Consent. The parties may in writing from time to time amend this Agreement.

20. Agreement Not for the Benefit of Other Parties. This Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the Authority, the State and the Lender. With the exception of rights herein expressly conferred, if any, nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give the Borrower or any other party other than the Authority, the State and the Lender any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; this Agreement and all the covenants, conditions, and provisions being intended to be and being for the sole and exclusive benefit of the Authority, the State and the Lender. The Borrower acknowledges that the entire benefit derived by the Borrower under this Agreement is the Authority's execution of this Agreement and the making of the Loan by the Lender.

21. Lender's Waiver of Set-Off Rights. Notwithstanding any express or implied right of set-off provided to the Lender by any depository agreement or any other agreement, the Lender hereby waives any and all right to set-off, by reason of any claim against the State or the Authority whether arising under this Agreement or otherwise, against any funds held in any account or deposit maintained in the Lender's possession in the name of either the State or the Authority.

22. Lender's Waiver and Release and Indemnification.

(a) Waiver and Release. The Lender hereby forever releases and discharges the State and the Authority and all of their directors, officers, employees, agents, attorneys and their successors and assigns (each, a "Released Person") from any and all claims, obligations, causes of action, debts, liabilities and set-offs of every name, nature and description, both in law and at equity, including but not limited to claims of contribution and indemnity, that Lender had, may now have, or may in the future have against the Authority or the State (except to the extent such claims arise from the gross negligence or willful misconduct of the Released Person):

(i) by reason of or in connection with the execution, delivery and performance of any of the Loan Documents or any transaction contemplated thereby (other than the obligations of the Authority and/or the State expressly created under this Agreement), or the use by the Borrower or the Lender of the proceeds of the Loan; or

(ii) in connection with or resulting from the utilization, storage, disposal, treatment, generation, transportation, release or ownership of any hazardous or toxic waste or substance (A) at, upon or under any property of the Borrower or any Affiliate of the Borrower or (B) by or on behalf of the Borrower or any Affiliate of the Borrower at any time and in any place.

(b) Indemnification. The Lender shall defend, indemnify and hold harmless the State and the Authority, and all of their directors, officers, employees, agents, attorneys and their successors and assigns (each, an "Indemnified Person") from and against all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or investigation or is otherwise subjected to judicial or legal process arising from any such proceeding or investigation) which any of them may incur or which may be claimed against any of them by any person or entity (except to the extent such claims, damages, losses, liabilities, costs or expenses arise from the gross negligence or willful misconduct of the Indemnified Person) in connection with, resulting from or arising out of (or which may be claimed to arise out of) the acts or omissions of the Lender in connection with the transactions contemplated by this Agreement, the Loan or the property or business of the Borrower.

23. Borrower's Waiver and Indemnification.

(a) Waiver and Release. The Borrower hereby forever releases and discharges the State and the Authority and all of their directors, officers, employees, agents, attorneys and their successors and assigns (each, a "Released Person") from any and all claims, obligations, causes of action, debts, liabilities and set-offs of every name, nature and description, both in law and at equity, including but not limited to claims of contribution and indemnity, that Borrower had, may now have, or may in the future have against the Authority or the State (except to the extent such claims arise from the gross negligence or willful misconduct of the Released Person):

(i) by reason of or in connection with the execution, delivery and performance of any of the Loan Documents or any transaction contemplated thereby, or the use by the Borrower or the Lender of the proceeds of the Loan; or

(ii) in connection with or resulting from the utilization, storage, disposal, treatment, generation, transportation, release or ownership of any hazardous or toxic waste or substance (A) at, upon or under any property of the Borrower or any Affiliate of the Borrower or (B) by or on behalf of the Borrower or any Affiliate of the Borrower at any time and in any place.

(b) Indemnification. The Borrower shall defend, indemnify and hold harmless the State and the Authority, and all of their directors, officers, employees, agents, attorneys and

their successors and assigns (each, an "Indemnified Person") from and against all claims, damages, losses, liabilities, costs or expenses (including reasonable attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or investigation or is otherwise subjected to judicial or legal process arising from any such proceeding or investigation) which any of them may incur or which may be claimed against any of them by any person or entity (except to the extent such claims, damages, losses, liabilities, costs or expenses arise from the gross negligence or willful misconduct of the Indemnified Person):

(i) by reason of or in connection with the execution, delivery and performance of any of the Loan Documents or any transaction contemplated thereby, or the use by the Borrower or the Lender of the proceeds of the Loan; or

(ii) in connection with or resulting from the utilization, storage, disposal, treatment, generation, transportation, release or ownership of any hazardous or toxic waste or substance (A) at, upon or under any property of the Borrower or any Affiliate of the Borrower or (B) by or on behalf of the Borrower or any Affiliate of the Borrower at any time and in any place.

24. Applicable Law. This Agreement shall be governed by the laws of the State of New Hampshire.

25. Entire Agreement. This Agreement, together with the accompanying documents, expresses the entire understanding, and the entire agreements of the parties with respect to the subject matter hereof, and it supersedes any and all prior agreements, representations or understandings, whether written or oral, with respect to the subject matter hereof.

26. Counterparts. This Agreement may be executed and delivered in several counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

27. Severability. In the event any clause or provision hereof shall be held to be invalid by any court of competent jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions hereof.

28. Captions. The captions of this Agreement are for convenience only and shall not affect the construction hereof.

29. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Authority, the Borrower and the Lender and their respective successors and assigns subject to the limitations contained herein.

30. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(a) If to the Authority, addressed to:

Business Finance Authority of the
State of New Hampshire
2 Pillsbury Street, Suite 201
Concord, New Hampshire 03301
Attn: Executive Director

(b) If to the State, addressed to:

State of New Hampshire
Department of Treasury
State House Annex
Room 121
Concord, New Hampshire 03301
Attn: State Treasurer

(c) If to the Lender, addressed to:

Mr. Michael Rasmussen, Vice President
First Colebrook Bank
69 Route 101-A
Amherst, New Hampshire 03031

(d) If to the Borrower, addressed to:

Dr. William Fahey
The Thomas More College of Liberal Arts, Inc. and
Thomas More Foundation
6 Manchester Street
Merrimack, New Hampshire 03054

The parties may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

Executed on the day and year first above written.

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

Witness

By: _____
Name:
Title:

**STATE OF NEWHAMPSHIRE BY:
BUSINESS FINANCE AUTHORITY OF THE
STATE OF NEW HAMPSHIRE
(Pursuant to RSA 162-A:13, II)**

Witness

By: _____
Name:
Title:

FIRST COLEBROOK BANK

Witness

By: _____
Name:
Title:

**THE THOMAS MORE COLLEGE OF
LIBERAL ARTS, INC.**

Witness

By: _____
Name:
Title:

THOMAS MORE FOUNDATION

Witness

By: _____
Name:
Title:

LIST OF SCHEDULES

| | |
|-----------------------------|---------------------------------|
| <u>Schedule 1(d)</u> | Authority's Service Fee |
| <u>Schedule 1(h).</u> | List of Collateral. |
| <u>Schedule 1(p).</u> | Loan Guarantee Obligations. |
| <u>Schedule 1(q).</u> | List of Loan Documents. |
| <u>Schedule 8(a)(viii).</u> | Borrower's Counsel Opinion. |
| <u>Schedule 10(d).</u> | Excepted Loan Documents. |
| <u>Schedule 11(i).</u> | List of Actions Or Proceedings. |
| <u>Schedule 13.</u> | Form of Repurchase Agreement. |



B · F · A

**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

**CONFIDENTIAL COMMERCIAL AND
FINANCIAL INFORMATION**

October 22, 2013

VIA FAX (603) 672-2078

Mr. Mike Rasmussen
Vice President
First Colebrook Bank
69 Route 101A
Amherst, NH 03031

**Re: First Colebrook Bank – Thomas More College of Liberal Arts, Inc. and
Thomas More Foundation**

Dear Mr. Rasmussen:

The Business Finance Authority (the "Authority") has approved in principle the application submitted by First Colebrook Bank (the "Bank") with respect to Thomas More College of Liberal Arts, Inc. and Thomas More Foundation (collectively, the "Company"). Accordingly, the Authority is prepared to proceed with discussions to implement a credit enhancement package, subject to the general terms and conditions set forth in this letter. This letter is an expression of the Authority's intent to recommend that the Governor and Council approve the credit enhancement as described in this letter, and upon such approval to award such credit enhancement only based upon the information the Bank and the Company have submitted. Any obligation to recommend the award of a credit enhancement will arise only upon the satisfactory preparation, execution and delivery of documentation in form and substance satisfactory to the Authority.

In reaching its decision, the Authority has reviewed all information submitted in the application and has had full interviews with key management at the Company. We have acquired an understanding of the company's financial situation and the Bank's proposed participation in the Company's capitalization as the primary secured creditor. Of course, as we proceed, we will require further information.

FINANCING FOR NEW HAMPSHIRE'S FUTURE

2 PILLSBURY STREET, SUITE 201
CONCORD, NEW HAMPSHIRE 03301-4984
603-415-0190 • FAX: 603-415-0194



P. 002

FAX NO.

OCT/22/2013/TUE 09:02 AM

Policy Background

The Authority has determined that the Company offers important employment opportunities to New Hampshire residents and provides critical manufacturing services which are very important to the health and vitality of New Hampshire's economy. The Authority's commitment to provide the credit enhancement for the Company reflects this fundamental determination that the proposed transactions will serve a public use and provide a public benefit. Indeed, the State's Constitution requires that any pledge of credit enhancement clearly serve a public purpose, with any benefit to private parties being merely incidental to this public objective.

The Authority was created to offer credit enhancements to struggling New Hampshire businesses. The Guaranteed Asset Program established under Chapter 162-A:13 of New Hampshire's statutes imposes a number of key limitations which are included below as part of the Authority's proposed credit enhancement package. First, the term of indebtedness which is subject to the State's guarantee must be no greater than ten years and long enough to ensure a long-term commitment to the future of the Company. Second, the fair market value of collateral securing such indebtedness must equal or exceed 125 percent of the original principal amount of such indebtedness. Third, while the statute provides for the maximum guarantee of 90 percent of a loan, the purpose of the Authority to provide economic opportunities for numerous businesses across New Hampshire requires careful allocation of the Authority's overall credit capacity. Accordingly, the Authority is restricted in its power to allocate credit enhancements to any one credit proposal. Fourth, the statute requires a "guarantee agreement" which includes terms and conditions which minimize risk of loss to the State. As you will see, the Authority's proposed credit enhancement package is designed to meet each of these requirements.

Specific Public Purpose Determination

The Authority believes that this "partnership" approach between the Bank and the Authority will facilitate the success of the necessary new financing and achieve the fundamental public purpose of maintaining the Company's operation in its current form as an important part of the State's economic structure. This determination is consistent with the Authority's general policy with respect to all applications to provide the necessary credit enhancement for a particular case, while at the same time preserving overall credit enhancement capacity to assist with the broad range of financing needs for other New Hampshire businesses and other economic regions of New Hampshire. Further, it is consistent with the fundamental requirement that the Authority's enhancement tools not be used to supplant the private market decisions between banks and borrowers, but rather to assist private market participants in correcting current banking dislocations.

Terms of Credit Enhancement Proposal

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

- Maximum Guarantee Amount:** The Authority will recommend a guarantee equal to eighty percent (80%) (\$2,200,000) of any deficiency realized under the \$2,750,000 term loan which is determined by the Bank to exist after pursuing all available collection rights.
- 125% Collateral Coverage:** Under statute, the appraised fair market value of collateral securing a credit facility which is subject to a Business Finance Authority's guarantee must exceed 125 percent of the total principal amount of the loan.
- 10-Year Term Requirement:** Under statute, loans subject to a Business Finance Authority Guarantee must have a term which does not exceed ten years.
- Loan Covenants:** Subject to all conditions and covenants as outlined in any First Colebrook Bank Loan Agreement acceptable to the BFA and to include, but not limited to, the following:
1. First Colebrook Bank to pay a 1% closing fee (\$22,000) on the guaranteed amount of loan and a fee of 1% of the average guaranteed amount outstanding in arrears at the end of each yearly anniversary date.
 2. Subject to market value appraisal not more than six (6) months old on subject collateral in an amount to equal or exceed 125% of loan amount
 3. Maximum note amortization, twenty (20) years.
 4. First mortgage on real estate located at 6 Manchester Street, Merrimack, New Hampshire.
 5. First mortgage on real estate located at 122 Old Ayer Road, Groton, Massachusetts.
 6. First security interest on all business assets.
 7. Receipt of SSBCI Certification from Borrower and Lender.
 8. Appropriate insurance coverage on all assets securing debt.
 9. Appropriate environmental assessment.
 10. Bank to agree to pay all reasonable legal expenses of the BFA preparation and closing of subject credit transaction, whether or not said transaction closes.

- No Preferential Security:** Our proposal requires that the Authority share equally with the Bank in all collateral securing or any other assets acquired to support credit facilities between the Bank and the Company. Accordingly, proceeds from realization on any collateral (including set off of any accounts) must be applied first to satisfy obligations which are secured by the Authority's guarantee. Further, the Bank may not hold or acquire any preferential security, surety or insurance to protect its unguaranteed interest in the credit facility.
- Minimum Payment Requirement:** Under statute, loans subject to a Business Finance Authority guarantee must amortize in not more than 20 years.
- Working Capital Limitation:** Under statute, not more than 40 percent of the principal amount of the loan may be used to finance working capital.
- Percentage Guarantee:** As indicated above, the Authority's guarantee will be 80 percent of any deficiency on up to a \$2,750,000 term note finally determined by the Bank after pursuing all available collection rights.
- Determination of Guaranteed Loss:** The loss to which the percentage guarantee applies shall equal the sum of: (1) principal unpaid at the "payment time" (described below); (2) interest accrued under the loan during the 90-day period following the date the Bank accelerates the credit facility (or the date on which the loan matures and remains unpaid) which remains unpaid at the "payment time"; and (3) reasonable out-of-pocket collection costs unpaid at the "payment time". No default or penalty charges or damages paid by the Bank as a result of a legal claim against the Bank may be included in determining the guaranteed loss.
- Payment Time:** The right to call for payment under the guarantee shall arise only after the Bank has pursued and realized all available collection rights against collateral which is taken into account in meeting the 125 percent collateral coverage requirement (described above).
- Repurchase Option:** The Bank shall agree to sell an undivided interest in the guaranteed portion of the loan and shall further agree to repurchase such an interest at specified maturity dates. Interest on the repurchase obligation shall accrue at the rate of the guaranteed loans less a servicing charge of 1.25 percent.
- The maximum purchase the Authority may make at any time cannot exceed 30 percent of the outstanding guaranteed portion of the loan as of any purchase date.

**Acceptable
Debt Terms:**

Documents evidencing the credit facility, other Bank agreements with the Company and security interests must include such other terms, conditions and covenants as may be deemed necessary and advisable by the Authority.

**Subrogation
Rights:**

The guarantee agreement shall provide that the State may exercise subrogation rights with respect to all rights and security of the Bank with respect to the loan.

**Closing and
Annual Fees:**

The Bank shall pay a fee to the Authority at closing equal to one percent (1.0%) of the amount of the State's guarantee.

As of each anniversary date after the closing, the Bank shall pay an annual fee equal to one percent of the average guaranteed principal portion outstanding during the year, provided that the Lender shall not be required to pay to the Authority the Authority Service Fee after the Acceleration Date as long as the Lender is unable or has waived its rights to collect such Authority Service Fees or amounts comparable to such Authority Service Fees from the Borrower.

Legal Opinions:

Counsel to the Company shall provide such opinion at closing of the transactions as to enforceability and other matters reasonably required by the Authority, and the lender shall obtain title insurance and other assurances concerning the title of the collateral.

**Ratification and
Approval:**

The final documentation under which the State and the Authority will provide its credit participation shall be subject to ratification of the Board of Directors of the Authority. Of course, as required by RSA 162-A:13, any guarantee recommended by the Authority shall become effective only upon approval of the Governor and Council.

If the Bank wishes to proceed further to finalize the terms of this proposal, please sign and return this letter to us on or before 2:00 p.m. on October 23, 2013. As noted, any obligation to take action by the Authority will arise only upon satisfactory preparation, execution and delivery of documentation. With your execution of this letter, the Bank agrees that you shall pay the Authority's legal costs described above, even if the transactions are not consummated.

On behalf of the Authority, I look forward to working with the Bank toward a successful stabilization of the Company's capitalization.

Sincerely,



Michael B. Donahue
Senior Credit Officer

First Colebrook Bank

By: 
Name: MICHAEL B. RASMUSSEN
Title: V.P. - COMMERCIAL LENDING
Date: 10.23.13

gap\2013\ThomasMoreCMT.doc

**CERTIFICATION OF SENIOR CREDIT OFFICER
CONCERNING COLLATERAL VALUE**

I, Michael B. Donahue, Senior Credit Officer of the Business Finance Authority of the State of New Hampshire, hereby certify that:

The Authority received an appraisal dated, September 30, 2013 from Marquis Appraisal Associates, Inc. stating the market value of the real estate located at 6 Manchester Street, Merrimack, New Hampshire owned by The Thomas More College of Liberal Arts, Inc., to be \$3,325,000 and an appraisal dated September 16, 2013 from Appraisals Unlimited, Inc. stating the value of the real estate located at 122 Old Ayer Road, Groton, Massachusetts owned by Thomas More Foundation, to be \$1,600,000 which combined equals or exceeds 125 percent of the maximum stated principal amount which may be advanced under the terms of the proposed loan of First Colebrook Bank to The Thomas More College of Liberal Arts, Inc., and the Thomas More Foundation. Attached is a copy of the appraisal summary.

The collateral value equals or exceeds 125% of the loan amount.

IN WITNESS WHEREOF, I have set hereunto my hand on this
21st day of October, 2013.



Michael B. Donahue
Senior Credit Officer

Attachments
cmc\gap\thomasmore.cer

Uniform Residential Appraisal Report

File No. 407206CO

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

PROPERTY ADDRESS 122 OLD AYER ROAD City GROTON State MA Zip Code 01450
Borrower THOMAS MORE FOUNDATION Owner of Public Record THOMAS MORE FOUNDATION County MIDDLESEX
Legal Description BOOK 56748 PAGE 432; PLAN 190 OF 2011 (MIDDLESEX COUNTY REGISTRY OF DEEDS)
Assessor's Parcel # PLAT 222 LOT 55 Tax Year 2013 R.E. Taxes \$ 24,911
Neighborhood Name GROTON Map Reference SMSA 15764 Census Tract 3261.01

SUBJECT
 Occupant Owner Tenant Vacant Special Assessments \$ 0 PUD HOA \$ 0 per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe)
 Lender/Client FIRST COLEBROOK BANK Address 69 STATE ROUTE 101A, AMHERST, NH 03031
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No
 Report data source(s) used, offering price(s), and date(s): A REVIEW OF MLS DATA REVEALED THAT THE SUBJECT WAS NOT BEEN LISTED FOR SALE WITHIN THE PAST 12 MONTHS.
 I did I did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

CONTRACT
 Contract Price \$ Date of Contract Is the property seller the owner of public record? Yes No Data Source(s)
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
 If Yes, report the total dollar amount and describe the items to be paid. 0:

NEIGHBORHOOD
 Note: Race and the racial composition of the neighborhood are not appraisal factors.

| Neighborhood Characteristics | | One-Unit Housing Trends | | | One-Unit Housing | | Present Land Use % | |
|--|--|-------------------------|-------|--------------|------------------|---|--------------------|--|
| Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining | PRICE | AGE | One-Unit | 20% | % | | |
| Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% | Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | \$(000) | (yrs) | 2-4 Unit | % | | | |
| Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | Marketing Time <input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input checked="" type="checkbox"/> Over 6 mths | 675 Low | 20 | Multi-Family | % | | | |
| Neighborhood Boundaries STATE RT 119 (NORTH), STATE RT 111 (WEST), SMITH STREET (SOUTH), OPEN FARMLAND (EAST) | | 2500 High | 325 | Commercial | % | | | |
| Neighborhood Description SEE ATTACHED ADDENDUM | | 1100 Pred. | 60 | Other FARM | 80% | % | | |

 Market Conditions (including support for the above conclusions) SEE ATTACHED MARKET CONDITIONS ADDENDUM

SITE
 Dimensions 1238.42X1354.95X1487.43X846.78X45.59 Area 33.5 ac Shape IRREGULAR View B;Pstri:
 Specific Zoning Classification RA Zoning Description RESIDENTIAL (80000 SF MIN. 225 FF)
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe.

Utilities Public Other (describe) Public Other (describe) Off-site Improvements—Type Public Private
 Electricity Water Street ASPHALT
 Gas Sanitary Sewer SEPTIC Alley NONE
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 25017C0202E FEMA Map Date 06/04/2010
 Are the utilities and off-site improvements typical for the market area? Yes No If No, describe.
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe. SEE ATTACHED ADDENDUM

IMPROVEMENTS

| GENERAL DESCRIPTION | FOUNDATION | EXTERIOR DESCRIPTION | materials/condition | INTERIOR | materials/condition |
|--|---|--|---|---|-------------------------------|
| Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit | <input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space | Foundation Walls | CONCRETE/AVG | Floors | WOOD/AVG |
| # of Stories 2 | <input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement | Exterior Walls | WD CLPBD/AVG | Walls | PLASTER/AVG |
| Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit | Basement Area 2104 sq. ft. | Roof Surface | ASPHALT SHG/AVG | Trim/Finish | WOOD/AVG |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const. | Basement Finish 0 % | Gutters & Downspouts | METAL/AVG | Bath Floor | TILE/AVG |
| Design (Style) COTTAGE | <input checked="" type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump | Window Type | DBL HUNG/AVG | Bath Wainscot | TILE/AVG |
| Year Built 1900 | Evidence of <input type="checkbox"/> Infestation | Storm Sash/Insulated | NONE | Car Storage | <input type="checkbox"/> None |
| Effective Age (Yrs) 35 | <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement | Screens | NONE | <input checked="" type="checkbox"/> Driveway # of Cars 6 | |
| Attic <input type="checkbox"/> None | Heating <input type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant | Amenities | <input checked="" type="checkbox"/> WoodStove(s) #1 | Driveway Surface | ASPHALT |
| <input type="checkbox"/> Drop Stair <input checked="" type="checkbox"/> Stairs | <input checked="" type="checkbox"/> Other 3MIXED Fuel GAS, OIL | <input checked="" type="checkbox"/> Fireplace(s) # 7 | <input type="checkbox"/> Fence NONE | <input checked="" type="checkbox"/> Garage # of Cars 4 | |
| <input checked="" type="checkbox"/> Floor <input type="checkbox"/> Scuttle | Cooling <input type="checkbox"/> Central Air Conditioning | <input type="checkbox"/> Patio/Deck NONE | <input checked="" type="checkbox"/> Porch SCREEN | <input type="checkbox"/> Carport # of Cars 0 | |
| <input type="checkbox"/> Finished <input type="checkbox"/> Heated | <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Other NONE | <input type="checkbox"/> Pool NONE | <input checked="" type="checkbox"/> Other OUTBLDG | <input checked="" type="checkbox"/> Att. <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Built-in | |
| Appliances <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Drvr <input type="checkbox"/> Other (describe) | | | | | |

 Finished area above grade contains: 16 Rooms 7 Bedrooms 3.2 Bath(s) 5,930 Square Feet of Gross Living Area Above Grade
 Additional features (special energy efficient items, etc.) 200 AMPS ELECTRICAL SERVICE; DETACHED 2 CAR GARAGE; ATTACHED 2 CAR GARAGE; SCREENED PORCH; 7 FIREPLACES; LARGE BARN, SMALL BARN; ENCLOSED ARENA WITH STABLE AREA AND INTERIOR PASSAGE TO BARN.
 Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.): C5: No updates in the prior 15 years; THE SUBJECT CONSISTS OF ASSEMBLAGE OF OLDER BUILDINGS THAT WAS VACANT AT THE TIME OF INSPECTION. THERE ARE 3 SECTIONS TO THE DWELLING, WITH THE MID AND REAR SECTIONS SEPARATED FROM THE FRONT SECTION BY AN APPARENT ENCLOSED FORMER OPEN PORCH/PATIO AREA AND AN ATTACHED 2 CAR GARAGE. CONSEQUENTLY, THE CURRENT DESIGN IS OF A SERIES OF BUILDING COMPONENTS AND SECTIONS AS OPPOSED TO A FUNCTIONAL SINGLE FAMILY DWELLING. THE DWELLING WAS CONSTRUCTED CIRCA 1900 (PER ASSESSOR < CONTINUED IN ADDENDUM >
 Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe. THE EXTERIOR SIDEWALLS HAVE SIGNIFICANT PEELING AND BLISTERED PAINT. SINCE THE SUBJECT WAS CONSTRUCTED PRIOR TO 1980, WHEN LEAD BASED PAINT WAS A COMMON BUILDING MATERIAL, THE SUBJECT'S PEELING PAINT MAY CONTAIN LEAD.
 Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe.

Uniform Residential Appraisal Report

File No. 407206CO

| | | | | | |
|---|-------------------|--|---------------------------------|--|--------------------|
| There are 5 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 889,500 to \$ 2,500,000 | | | | | |
| There are 4 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 710,000 to \$ 1,350,000 | | | | | |
| FEATURE | SUBJECT | COMPARABLE SALE NO. 1 | COMPARABLE SALE NO. 2 | COMPARABLE SALE NO. 3 | |
| 122 OLD AYER ROAD Address GROTON, MA 01450 | | 34 Elm St Pepperell, MA 01463 | 33 Walcott St Stow, MA 01775 | 166 Littleton Rd Harvard, MA 01451 | |
| Proximity to Subject | | 4.64 miles NNW | 12.45 miles S | 5.61 miles S | |
| Sale Price | \$ | \$ 800,000 | \$ 1,450,000 | \$ 1,200,000 | |
| Sale Price/Gross Liv. Area | \$ 0.00 sq. ft. | \$ 732.60 sq. ft. | \$ 799.78 sq. ft. | \$ 207.04 sq. ft. | |
| Data Source(s) | | MLS #71300495;DOM 176 | MLS #71325858;DOM 449 | MLS #71304506;DOM 573 | |
| Verification Source(s) | | EXTERIOR INSPECTION, TA | EXTERIOR INSPECTION, TA | EXTERIOR INSPECTION, TA | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment |
| Sale or Financing Concessions | Armlth Cash:0 | Armlth Conv:0 | | Armlth Conv:0 | |
| Date of Sale/Time | s02/12;c11/11 | 47,200 | | s04/13;c11/12 | 75,400 |
| Location | N:Res; | N:Res; | | N:Res; | |
| Leasehold/Fee Simple | FEE SIMPLE | FEE SIMPLE | | FEE SIMPLE | |
| Site | 33.5 ac | 17.6 ac | 795,000 | 45.36 ac | -593,000 |
| View | B:Pstrl; | B:Pstrl; | | N:Woods: | 50,000 |
| Design (Style) | COTTAGE | COTTAGE | | COTTAGE | |
| Quality of Construction | Q4 | Q4 | | Q4 | |
| Actual Age | 113 | 73 | 0 | 318 | 0 |
| Condition | C5 | C3 | -200,000 | C5 | |
| Above Grade | Total Bdrms Baths | Total Bdrms Baths | 10,000 | Total Bdrms Baths | Total Bdrms Baths |
| Room Count | 16 7 3.2 | 5 2 1.1 | 20,000 | 6 3 1.0 | 30,000 |
| Gross Living Area | 25 5,930 sq. ft. | 1,092 sq. ft. | 121,000 | 1,813 sq. ft. | 102,900 |
| Basement & Finished Rooms Below Grade | 2104sf0sfwu | 1092sf0sfwo | 0 | 1197sf0sfwu | 0 |
| Functional Utility | AVERAGE | AVERAGE | | AVERAGE | |
| Heating/Cooling | CENTL, NO A/C | CENTL, NO A/C | | CENTL, NO A/C | |
| Energy Efficient Items | NONE | NONE | | NONE | |
| Garage/Carport | 4 CAR GARAGE | 2 CAR DRIVEWAY | 20,000 | 2 CAR DRIVEWAY | 20,000 |
| Porch/Patio/Deck | PORCH | NONE | 2,000 | NONE | 2,000 |
| OTHER | 7 F/P, 1 W/S | NONE | 7,000 | 1 F/P | 6,000 |
| OTHER | BARN | BARN | | OLD BARN | 50,000 |
| OTHER | INDOOR ARENA | INDOOR ARENA | | NONE | 225,000 |
| Net Adjustment (Total) | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 822,200 | <input type="checkbox"/> + <input checked="" type="checkbox"/> - | \$ 31,700 |
| Adjusted Sale Price of Comparables | | Net Adj. 102.8% | \$ 1,622,200 | Net Adj. -2.2% | \$ 1,418,300 |
| | | Gross Adj. 152.8% | \$ 1,622,200 | Gross Adj. 79.6% | \$ 1,418,300 |

SALES COMPARISON APPROACH

did did not research the sale or transfer history of the subject property and comparable sales. If not, explain _____

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Data source(s) ASSESSOR RECORDS, REGISTRY RECORDS, MLS

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.
Data source(s) ASSESSOR AND MLS RECORDS

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

| ITEM | SUBJECT | COMPARABLE SALE NO. 1 | COMPARABLE SALE NO. 2 | COMPARABLE SALE NO. 3 |
|----------------------------------|--------------------|-----------------------|-----------------------|-----------------------|
| Date of Prior Sale/Transfer | 04/19/2011 | | | |
| Price of Prior Sale/Transfer | \$1,600,000 | | | |
| Data Source(s) | REGISTRY 56748/432 | ASSESSOR, MLS | ASSESSOR, MLS | ASSESSOR, SWMLS |
| Effective Date of Data Source(s) | 09/16/2013 | 09/16/2013 | 09/16/2013 | 04/10/2013 |

Analysis of prior sale or transfer history of the subject property and comparable sales: A REVIEW OF ASSESSOR RECORDS, TOWN CLERK RECORDS AND MLS RECORDS REVEALED THAT TITLE TO THE SUBJECT HAS LAST TRANSFERRED IN APRIL, 2011 (SALE AT \$1,600,000). OTHERWISE, TITLE TO THE SUBJECT HAS NOT TRANSFERRED WITHIN THE PAST 36 MONTHS. A REVIEW OF ASSESSOR AND MLS RECORDS REVEALED THAT NONE OF THE CLOSED SALES USED IN THIS REPORT SOLD WITHIN 12 MONTHS PRIOR TO THEIR RESPECTIVE SALE DATES NOTED ON THE SALE ADJUSTMENT GRID. IN ADDITION, MLS RECORDS REVEALED THAT SALES #5 AND 6 (ACTIVE LISTINGS) PROVIDED IN THIS REPORT HAVE NOT SOLD WITHIN 12 MONTHS PRIOR TO THE EFFECTIVE DATE OF THIS REPORT.

Summary of Sales Comparison Approach: SEE ATTACHED ADDENDUM

Indicated Value by Sales Comparison Approach \$ 1,600,000
Indicated Value by: Sales Comparison Approach \$1,600,000 Cost Approach (if developed) \$ 0 Income Approach (if developed) \$ 0
SEE ATTACHED ADDENDUM

RECONCILIATION

This appraisal is made "as is," subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair: _____

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ **1,600,000** as of **09/16/2013**, which is the date of inspection and the effective date of this appraisal.

Marquis Appraisal Associates, Inc.

September 30, 2013

Mr. Michael Rasmussen
Vice President, Commercial Lending
First Colebrook Bank
69 Route 101-A
Amherst, NH
and
Mr. Michael Donahue
NH Business Finance Authority

RE: Real Property/Estate located at:
6 Manchester St, Merrimack, NH

Gentlemen:

According to your request and authorization, I have personally inspected the above-referenced subject property for the purpose of reporting to you the indication of its Market Value and Liquidation Value as of September 16, 2013.

Definition of Market Value

According to the "Uniform Standards of Professional Appraisal Practice" as recognized by "Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989" (FIRREA) and promulgated by the Appraisal Foundation, Market Value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and acting in what they consider their best interests;
- c. a reasonable time is allowed for exposure in the open market
- d. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

The appraisal report will provide an opinion of Market Value with the title being held in **Fee Simple**.

NOTE: The Dictionary of Real Estate Appraisal defines

Fee Simple Estate – "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."

Leased Fee Estate – "An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others."

-
- Commercial
 - Industrial
 - Investment

3 Executive Park Drive, Suite 223
Bedford, New Hampshire 03110
Phone (603) 623-4000

I certify that the property has been personally inspected by me and that I have not knowingly or intentionally omitted any facts that may affect the final value opinion.

I further certify that I have no interest, either present or contemplated, in the property appraised or in any proceeds to be derived there-from and, in no way is my fee contingent upon the value of the property appraised.

On the basis of my inspection, research, analysis and correlation of the information gathered, my opinion of Market Value for the subject property, as of September 16, 2013, was determined to be:

THREE MILLION THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$3,325,000.)

Consideration must now be given to the property's "Liquidation Value" - the likely price of an asset when it is allowed insufficient time to sell on the open market, thereby reducing its exposure to potential buyers. Real Estate is considered an illiquid asset and will sell for a significantly lower price if a sale is forced to occur in a shorter period of time than would ordinarily be expected for the particular property.

Based on this definition, I am of the opinion that **Liquidation Value** for the subject property is 60% of the above indicated Opinion of Market Value or

**ONE MILLION NINE HUNDRED NINETY-FIVE THOUSAND DOLLARS
(\$1,995,000. Rounded)**

Respectfully submitted,



Richard E. Marquis,
Certified General Appraiser
NH Lic. No. NHCG-64
Richard@MarquisAssociates.com

encl.

CERTIFICATE OF THE APPRAISER

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. I have not performed any services on this property during the last 3 years as an appraiser or in any other capacity.

Respectfully submitted,



Richard E. Marquis,
Certified General Appraiser

**A RESOLUTION RECOMMENDING THE AWARD OF A GUARANTEE
OF THE STATE OF NEW HAMPSHIRE IN CONNECTION WITH FINANCING OF
FIRST COLEBROOK BANK TO THE THOMAS MORE COLLEGE OF LIBERAL
ARTS, INC., AND THOMAS MORE FOUNDATION
PURSUANT TO THE AUTHORITY'S GUARANTEE ASSET PROGRAM**

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

WHEREAS, the Business Finance Authority of the State of New Hampshire (the "Authority") has been requested by First Colebrook Bank (the "Lender") to recommend a guarantee by the State of New Hampshire (the "State") with respect to a \$2,750,000 term loan (the "Credit Facility") to The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation. (collectively, the "Borrower");

WHEREAS, the Credit Committee of the Board of Directors of the Authority has recommended that a guarantee be provided in accordance with the terms and conditions presented to the Board, in an amount equal to eighty percent of any deficiency determined to exist under the Credit Facility after the Lender has diligently pursued all available collection rights;

WHEREAS, the Authority took official action with respect to the Credit Facility by passing a resolution on October 21, 2013;

WHEREAS, the Authority has been furnished with (a) information and materials about the Borrower and the Credit Facility, (b) evidence that the Lender is willing to proceed with the Credit Facility, (c) the proposed terms and conditions of the Credit Facility, (d) evidence that the fair market value of collateral which will secure the repayment of the Credit Facility equals or exceeds 125 percent of the maximum principal amount of the Credit Facility, and (e) other information, materials and assurances deemed relevant by the Authority;

IT IS HEREBY RESOLVED THAT:

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

(a) The Credit Facility consists of a term loan to The Thomas More College of Liberal Arts, Inc., and Thomas More Foundation, of up to \$2,750,000.00 secured by a first mortgage on property located at 6 Manchester Street, Merrimack, New Hampshire, a first mortgage on property located at 122 Old Ayer Road, Groton, Massachusetts and a first security interest on all business assets.

(b) The Borrower operates a private four-year liberal arts college (the "Business") and employs approximately 27 full time persons within the State.

c) The Business provides critical services in the State and offers significant employment opportunities to residents of the State which contributes significantly to the economy and industry of the State.

2. Special Findings.

(a) The award of the guarantee as proposed will contribute significantly to the success of the financing.

(b) Reasonable and appropriate measures have been taken to minimize the risk of loss to the State and to endure that any private benefit from the award of the guarantee will be only incidental to the public purpose served thereby.

3. General Findings.

(a) The award of the guarantee as proposed will serve a public use and provide a public benefit.

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

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

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

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

5. Authorization of Agreement. The Executive Director is authorized, empowered and directed to deliver to the Lender a letter of intent of the Authority to recommend the award of a guarantee, subject to the parameters, terms and conditions as presented to the Board by the Credit Committee. The Chairman and Executive Director are further authorized, empowered and directed to execute and deliver a guarantee agreement on behalf of the Authority and the State pur-

suant to the requirements of the Act which shall contain parameters, terms and conditions substantially consistent with those presented to the Board by the Credit Committee, but subject to such changes and completion consistent with this resolution as the Chairman or the Executive Director may approve, his signature being conclusive identification of the guarantee agreement completed and authorized by this resolution.

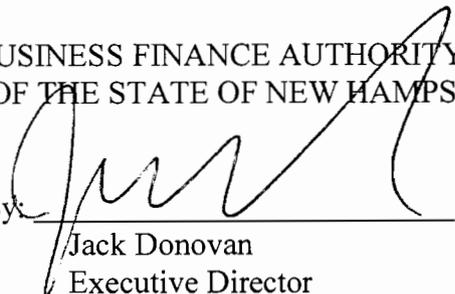
6. Actions not to be Taken Until After Approval by Governor and Council. The actions authorized by paragraph 3 above shall not be taken until such time as the Governor and Council have made the findings and determination required by the Act, it being the intent of the Authority that the various actions on its behalf which are authorized above are subject to the action of the Governor and Council as required by the Act.

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

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

IN WITNESS WHEREOF, I have set hereunto my hand and affixed the seal of the Business Finance Authority of the State of New Hampshire on this 21st day of October, 2013.

BUSINESS FINANCE AUTHORITY
OF THE STATE OF NEW HAMPSHIRE

By: 

Jack Donovan
Executive Director



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

The materials appearing in quotations below are extracts from RSA 162-A:18. Dots indicate deleted provisions relating to matters not relevant to this transaction. The complete text of RSA 162-A:18 is attached to this summary.

General Findings

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

The proposed guarantee agreement contains commercially prudent financial safeguards and workable provisions designed to lessen the potential of State loss in the event of default by the borrower. (Tab 4) The Authority has determined that the business of the borrower provides critical services in the State and offers significant employment opportunities to residents of the State. (Tab 7) The materials and information furnished and the findings described below support, and enable the making of, this general finding.

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

The proposed guarantee agreement implements and incorporate all statutory requirements. (TABS 3 and 4) The Authority, which is the agency responsible for administration of RSA 162-A, has determined that the proposed transaction and the proposed award of a guarantee satisfy all statutory and policy requirements of RSA Chapter 162-A. (TAB 7) The materials and information furnished and the findings described below support, and enable the making of this finding.

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

The proposed guarantee is a condition of the proposed financing, and if awarded, will facilitate the provision of the proposed financing. (TABS 5 and 7) The borrower which will receive the proposed financing provides critical services in the State and offers significant employment opportunities to residents of the State. (TABS 5 and 7)

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

The borrower which will receive the proposed financing provides critical services in the State and offers significant employment opportunities to residents of the State. (TABS 5 and 7)

Special Findings

5. "The award ... of the guarantee will contribute significantly to the success of the financing."

The lender will undertake the proposed financing only if the guarantee is awarded. (See the lender's commitment letter, TAB 5.)

6. "Reasonable and appropriate measures have been taken to minimize the risk of loss to the state and to ensure that any private benefit from the award of the guarantee will be only incidental to the public purpose served thereby."

The proposed guarantee agreement contains commercially prudent financial safeguards and workable provisions designed to lessen the potential of State loss in the event of default by the borrower. (Tab 4) The statutory 125 percent collateral coverage test is satisfied. (Tab 6) The Authority has determined that the business of the borrower provides critical services in the State and offers significant employment opportunities to residents of the State. (Tab 7)