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**COMMENTS REGARDING SECURITY AND LOAN AGREEMENT
FOR
CONSTRUCTION OF SANITARY SEWAGE DISPOSAL IMPROVEMENTS**

1. Attached draft is for:
 - A. construction of a sewage disposal system on the same lot as the benefitted building or buildings. It can be modified to include multiple lots; and
 - B. the owner of the lot is a for profit corporation. It can be modified to provide for ownership by other entities and multiple owners.
2. The Town is granted a first priority mortgage on the lot. If multiple lots are involved, the Town will need similar mortgages on all lots on which sewage disposal improvements and benefitted buildings are located. See Paragraph 4.
3. Financing is provided for engineering/permitting costs and construction costs. Funds are disbursed for construction as it occurs. Engineering/permitting costs are reimbursed upon completion of construction. See Paragraph 5 and 19.
4. Loan is payable over a twenty (20) year period with a fixed interest rate. See Paragraphs 1 and 2.
5. Town is granted an easement to access property to inspect and maintain the disposal system. Town has the right, but not obligation, to repair or maintain the system during the twenty (20) year period if the property owner(s) fail to do so and recover costs from the property owner(s). Paragraphs 4 and 33.
6. Owners of disposal systems that use "proprietary" technology or equipment must contract with the manufacturer/provider of the technology/equipment for its maintenance. Paragraph 23.C.
6. Agreement contains general terms and conditions that are customary in long term commercial financing agreements with commercial lenders.

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TOWN OF WAITSFIELD, VERMONT
SECURITY AND LOAN AGREEMENT
FOR
CONSTRUCTION OF SANITARY SEWAGE DISPOSAL IMPROVEMENTS

NOW COME the Town of Waitsfield, a Vermont municipality located in Washington County, Vermont ("Town") and _____, a Vermont corporation with a principal place of business in Waitsfield, Vermont ("Borrower") who state and agree as follows:

WHEREAS, the Town has authority to provide for the health, safety and welfare of the Town's inhabitants and property; and

WHEREAS, the Town has established a Sewer and Water Service Area, as shown on a plan dated _____ ("Service Area"); and

WHEREAS, the Town has determined that the currently constructed capacity for sanitary sewage disposal within the Service Area is inadequate both in volume and treatment quality to meet the needs of existing and reasonably anticipated future land development in accordance with contemporary standards; and

WHEREAS, the Town, acting through its Selectboard, has established a program by which the Town will be able to loan money to property owners in the Service Area to fund the construction of eligible privately-owned sanitary sewage disposal improvements ("Community Wastewater Loan Program" or "Loan Program"); and

WHEREAS, the Town has entered into an agreement with the State of Vermont, acting through its Agency of Natural Resources ("VANR"), to obtain funds to assist in financing costs associated with implementation of the Sewer Service Area Program; and

WHEREAS, funds provided the Town by VANR will be loaned to the Town from and in accordance with the requirements of the Special Environmental Revolving Fund set forth in 24 V.S.A. Chapter 120 ("SRF Fund"); and

WHEREAS, Borrower is the owner of land with improvements thereon located at _____ which Borrower acquired by warranty deed of _____, dated _____ and recorded in volume _____ at page _____ of the Town of Waitsfield Land Records ("Property") (*Note: This can be modified*

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to address less than fee ownership of land such as long term leases and easements); and

WHEREAS, the Property is located entirely or substantially within the Service Area and contains existing land development that requires sewage disposal capacity of ____gallons per day; and

WHEREAS, Borrower contracted with (Engineer) to design sewage disposal improvements with a disposal capacity of ____gallons per day on the Property; and

WHEREAS, based on work performed by (engineer), Borrower has obtained Indirect Discharge Permit No. _____ ("Permit") issued by VANR pursuant to the Indirect Discharge Rules, Chapter 14 of the Environmental Protection Rules adopted by VANR ("ID Rules") to construct sewage disposal improvements with a disposal capacity of _____ gallons per day ("Disposal System"); and

WHEREAS, the Disposal System when constructed will provide sewage disposal capacity for the land development described below ("Associated Development"):

1. Existing development on the Property;
2. New development on the Property as authorized by the following permits:

(Note: If additional properties within the Service Area will be served by the Disposal System, such properties will be identified here, along with any related permits)

; and

WHEREAS, Borrower desires to construct the Disposal System to serve the Authorized Development ("Project"); and

WHEREAS, the Disposal System qualifies as an eligible privately-owned sewage disposal system under the Loan Program; and

WHEREAS, Borrower has made application to the Town in accordance with the requirements of the Loan Program to borrow money to cover the cost of designing, permitting and constructing the Disposal System;

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NOW THEREFORE, in accordance with these mutual premises and other good and valuable consideration, Town and Borrower enter into this Security and Loan Agreement ("Loan Agreement") which provides as follows:

1. Loan, Note and Rate: Subject to the terms and conditions of this Loan Agreement, Town hereby agrees to lend to Borrower, and the Borrower hereby agrees to borrow from Town or its assigns, a sum not to exceed

_____, ("Loan"). The obligation of the Borrower to repay the Loan shall be evidenced by a promissory note ("Note") of the Borrower in a form satisfactory to Town dated the date on which the Town pays to Borrower its initial disbursement under this Loan Agreement ("Closing Date") payable to the order of Town in the principal amount of the reimbursable costs loaned to Borrower, with interest thereon at the rate of _____ per annum ("Rate").

2. Loan Term and Repayment: The term of the Loan shall be twenty (20) years. The Note shall be repaid in two hundred forty (240) monthly installments of principal and interest calculated daily by reference to a repayment term or amortization period of twenty (20) years. All payments shall be applied first to interest and then to principal. All payments shall be timely made to Town, or its order, at _____, or at such other address as the holder thereof may designate in writing. The first payment on the Loan shall be due and payable on the first day of the month occurring six (6) months after the date of the Town's final disbursement to Borrower, as provided herein.

3. Purpose of Loan: The purpose of the Loan is to finance a portion of the costs incurred by Borrower designing, permitting and constructing the Disposal System.

4. Security: The Note and the Loan shall be secured by a first priority mortgage on the Property ("Mortgage") and an Irrevocable Offer of Dedication of an easement adequate to enable the Town to access, maintain, and allow use of the Disposal System by the Associated Development for the term of the Loan and Note ("Easement").

5. Disbursement of Loan Proceeds:

A. Disbursements during construction of the Disposal System will be made as work is completed and provided that the

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Borrower is in full compliance with the terms of this Loan Agreement and all other loan documents executed in connection therewith. Town reserves the right to withhold disbursements if during the course of construction of the Disposal System Town's mortgage as a first mortgage lien is jeopardized in any way, including the financial ability of Borrower to complete construction of the Disposal System.

B. Town shall disburse funds only upon submission to and approval by Town of a requisition ("Requisition") for payment supported by invoices and such other evidence as may be reasonably required by Town. Within ten (10) days of receipt of the Requisition, Town shall issue a check or checks in payment of the Requisition directly to such contractor or subcontractor as are more particularly identified in the Requisition, or Town shall inform the Borrower it does not approve of some or all of the Requisition.

C. Initial Disbursement. Prior to the Closing Date, Borrower shall furnish Town, in forms acceptable to the Town's attorney, the following:

i. Copies of all contracts executed by Borrower for construction of or related to construction of the Disposal System;

ii. The Note executed by Borrower;

iii. The Mortgage executed by Borrower;

iv. The Easement executed by Borrower; and

v. Such certifications of Borrower's attorney as the Town's attorney may deem appropriate.

D. If during construction, the cost of completing the Disposal System exceeds the cost of contracts submitted prior to the Closing Date, Borrower will provide evidence that additional financing subordinate to Town, or equity, will be made available to complete the Disposal System, the terms and conditions of which will be acceptable to Town.

E. Final Disbursement. Upon completion of construction of the Disposal System, Town shall make a final disbursement of the balance due for construction of the Disposal System, not to exceed the amount of contracts provided Town prior

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to the Closing Date unless they are thereafter adjusted by mutual agreement of Borrower and Town, together with amounts due Borrower as eligible and approved costs for the design and permitting of the Disposal System, upon receipt of a Requisition for final payment. Before Town will make such final disbursement:

i. Town must approve of the construction in accordance with the Permit, which approval will not be unreasonably withheld or delayed.

ii. Borrower shall furnish Town a certificate or affidavit of the contractor of the completion of the contract terms, payment for all labor and materials and payment in full of the contract price, exclusive of funds withheld by Borrower for final payment. Borrower shall also provide any additional lien waivers from subcontractors and suppliers of material for the construction.

iii. Borrower shall furnish Town its certificate that it has unconditionally accepted the construction subject to punch lists and reservation rights, and is satisfied with same.

iv. Town may require Borrower's attorney to issue an attorney's title certificate which certifies that there are no changes in the condition of the title of the property as set forth in the original and supplemental certificate of title.

v. Borrower shall provide such certificates as are required by the Town of Waitsfield or the State of Vermont authorizing use of the Disposal System and shall furnish such other evidence as may be reasonably required by Town that Borrower has complied with all state and local permits and rules and regulations in the construction Project. Upon receipt of the above, Town shall issue a check or checks in payment of the final Requisition as provided herein.

vi. An executed Note and Mortgage to reflect any increase or decrease in the Loan since the Closing Date, together with any certifications of Borrower's attorney as the Town's attorney may deem appropriate.

The Borrower represents and warrants the following:

6. Duly Organized: Borrower is a corporation duly organized, validly existing and in good standing under the laws

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of the State of Vermont and has the authority to enter into this Agreement and take such action as is required hereunder.

7. Duly Authorized: Borrower is duly authorized, qualified and licensed under all applicable laws, regulations, ordinances and orders of any public authority to carry on its business and holds each and every license, permit and other regulatory approval necessary to operate the Associated Improvements at Waitsfield, Vermont.

8. Legally Binding Instruments: When this Agreement is executed by the Borrower and Town, it shall constitute the legal, valid and binding obligation of the Borrower in accordance with its terms.

9. No Legal Suits: There are no claims, actions, suits or proceedings instituted or filed and, to the best of the Borrower's knowledge, there are no claims, actions, suits or proceedings threatened at law or in equity or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality that would have a materially adverse effect on construction of the Disposal System or the Borrower's performance of this Agreement.

10. No Legal Authorization Needed: No authorization, consent or approval, or any formal exemption of any governmental body, regulatory authority (federal, state or local) or mortgagee, creditor or third party is or was necessary to the valid execution and delivery by the Borrower of this Loan Agreement, or execution of the Note, Mortgage, Easement or any other document as herein required.

11. Not in Default: Borrower is not in default of any obligation, covenant or condition contained in any bond, debenture, note or other evidence of indebtedness or any mortgage, security agreement or collateral instrument securing the Property.

The obligation of the Town to make the Loan shall be subject to the fulfillment at the time of Closing and thereafter to the final disbursement of each of the following conditions:

12. Execution of Authorization: The Borrower shall have executed and delivered, in a form satisfactory to Town and its legal counsel, this Loan Agreement, the Note, Mortgage granting to Town security in the real property and improvements thereto,

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existing as of the Closing or to be constructed thereafter, the Easement and such other contracts, security instruments, certificates, documents and assurances as Town or its legal counsel may require. Said Mortgage and other security instruments shall represent a valid and enforceable lien upon the Property, free and clear of all liens and encumbrances upon the Property, except as otherwise expressly provided for therein or otherwise in writing by Town.

13. Additional Security: The Borrower shall have complied with, delivered or caused to be delivered such other or additional security as Town or its legal counsel may require, including but not limited to, for example, subordination agreements.

14. Representations and Warranties: All representations and warranties of Borrower set forth herein shall be accurate as of the Closing date.

15. Opinion of Legal Counsel to Borrower: The Borrower shall have delivered, or cause to be delivered to Town, in a form acceptable to legal counsel for Town, an opinion of legal counsel to Borrower, which addresses, among other issues, the capacity and authority of the Borrower to perform under the terms of this Loan Agreement and the documents referred to herein; the compliance of Borrower's Project plans with all local, State of Vermont and federal environmental, zoning, planning, sanitary, land use and related statutes, rules and regulations and that all permits necessary or incidental to the Project have issued or been obtained by Borrower; the status of title to Borrower's real and/or personal property and the marketability thereof; and the enforceability of the security documents executed and delivered hereunder. Legal counsel to Town shall be entitled to require such opinion to address any issues deemed pertinent by counsel and to require such supporting documentation as may also be deemed material to the opinion.

16. Compliance with This Agreement: The Borrower shall have complied with each term, provision and condition of this Agreement required to be complied with before the Closing date.

17. Approval of Town's Counsel: All actions, undertakings, instruments and documents required to carry out this Agreement or incidentally related thereto, including related legal matters, have been approved by counsel to Town, which approval shall not be unreasonably withheld or delayed.

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18. Borrower's Certificate Regarding Hazardous Materials and Hazardous Solid Wastes: Borrower shall have provided Town with a sworn statement as to whether any hazardous materials or hazardous solid wastes have been disposed or generated on, upon or within the property pledged as security for repayment of the Note, or will be generated on such property, and if so, the nature and extent of same, the location where the hazardous materials or solid wastes have been disposed of or will be stored or deposited and, if located upon this pledged property, the nature and extent of same and how the hazardous materials and solid wastes have been or will be disposed of, stored or deposited and whether such disposal, storage and deposit has been or will be pursuant to a federal or state permit. A true copy of any such permit shall be attached to Borrower's certificate.

19. Engineering and Permitting Costs: Borrower shall provide Town invoices and related documentation for all expenses incurred by Borrower for the design of the Disposal System and obtaining permits for its construction.

20. Construction Contracts: Borrower shall provide construction contracts to complete the proposed Project, acceptable to Town.

The Borrower agrees to comply with the following covenants from the date hereof until Town has been fully repaid with interest, unless Town, its successors or assigns, shall otherwise consent in writing:

21. Payment of Loan: The Borrower agrees to immediately pay when due the principal and interest on the Note according to its terms and conditions and to immediately pay when due any other amounts that may become due and payable to Town under or pursuant to the terms of this Loan Agreement or the documents executed and delivered in connection herewith.

22. Compliance with Closing Documents: The Borrower agrees to comply with each term, condition and provision of all documents and instruments required under the terms of this Loan Agreement including, but not limited to, the Note, Mortgage, other documents granting security for the Loan and the Easement to be made hereunder.

23. Maintain and Insure Property:

A. During construction of the Disposal System,

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Borrower agrees to maintain adequate hazard insurance relative to said construction project and that such coverage will mirror, on an on-going basis, the increasing property value as the improvements are made and the Project moves towards completion. In addition, Borrower shall maintain and provide adequate general liability insurance in amounts and forms acceptable to Town.

B. Following completion of the Disposal System and for the remaining term of the Note, the Borrower agrees to maintain the Property in such condition and repair that Town's security will be adequately protected.

C. If the Disposal System incorporates proprietary technology and/or equipment ("Proprietary Components"), Borrower shall maintain during the term of the Loan, a contract with the owner of the Proprietary Components, or an entity approved by the owner, to maintain the Proprietary Components. Borrower shall, when requested by Town, provide Town a copy of the contract and any correspondence received from the entity maintaining the Proprietary Components regarding their operation, maintenance and condition. Borrower agrees Town may advance and pay any unpaid charges necessary to maintain the contract in effect and that any sums so paid shall, at the sole discretion of Town, be immediately due and payable or be added to the principal indebtedness of the Note and bear interest at the Rate provided for therein.

D. The Borrower agrees to maintain during the term of the Loan adequate hazard insurance policies covering fire and such other hazards, including but not limited to, windstorm, lightning, hail, business interruption, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk, public liability, property damage, flood or mudslide, or any other hazard insurance that may be required to protect the security, in an amount that is at least the lesser of the depreciated replacement value of the insured property, the amount of the Loan or sufficient to prevent the Borrower from becoming a co-insurer and issued by companies satisfactory to Town with acceptable loss payee clauses in favor of Town under a standard insurance clause which shall provide a minimum often (10) days' written notice to Town prior to cancellation. Borrower agrees Town may advance and pay any unpaid premiums necessary to maintain adequate hazard insurance coverage upon the secured property and that any sums so paid shall, at the sole discretion of Town, be immediately due and payable or be added to the principal indebtedness of the Note and bear interest at the Rate

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provided for therein.

24. Maintain and Submit Financial Statements: The Borrower agrees to submit management prepared annual income statements and balance sheets and to provide the said financial statements and balance sheets to Town by April 30th each year.

25. Pay all Taxes: The Borrower agrees to pay and discharge all taxes, assessments and governmental charges upon it or against its properties prior to the date upon which penalties attach thereto, except that the Borrower shall not be required to pay any such tax, assessment or governmental charge which is being contested by it in good faith by or through appropriate proceedings. Borrower agrees Town may advance and pay any taxes or assessments made against or upon the secured property and that any sums so paid shall, at the sole discretion of Town, be immediately due and payable or be added to the principal indebtedness of the Note and bear interest at the Rate provided for therein.

26. Maintain Existence: The Borrower agrees to maintain its existence under Vermont law, and its rights, privileges and franchises within the State of Vermont and to qualify and remain qualified as a Vermont corporation and in good standing under the laws of the State of Vermont.

27. Right to Inspection: The Borrower agrees to grant Town, until the Note has been fully repaid with interest, the right at reasonable hours to inspect the real property pledged to secure this Loan. The Borrower further agrees to provide Town free access to the Borrower's premises for the purpose of such inspection to determine the condition of such real and personal property.

28. Null and Void Covenants: The Borrower agrees that in the event any provision of this Loan Agreement, any other instrument executed at Closing or the application thereof to any person or circumstance shall be declared null and void, invalid, or held for any reason to be unenforceable by a court of competent jurisdiction, the remainder of such agreement shall nevertheless remain in full force and effect, and to this end, the provisions of all covenants, conditions and agreements described herein are deemed separate.

29. Expenses and Closing Costs: The Borrower agrees to pay all fees, expenses and charges in respect to the Loan, or its

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making, or the transfer of security to Town or in any way connected therewith, including but not limited to applicable title insurance and survey costs, recording and filing fees, property transfer taxes, if any, and any other taxes, fees and expenses in connection with this transaction or with the enforcement of this Loan Agreement, Note, Mortgage and Easement.

30. Indemnification: The Borrower agrees to indemnify and save Town or its successors and assigns harmless against any and all liability with respect to the Project, or resulting from, any delay in discharging any obligation of the Borrower.

31. Hazardous Material and Solid Waste Indemnification: The Borrower hereby agrees to indemnify and save Town and its successors and assigns harmless from any and all liability resulting from any storage or disposal of hazardous materials or solid wastes upon the property pledged as security for repayment of the Note, which such indemnification shall include, but not be limited to, the cost and expense of clean-up and response to such storage or disposal.

32. Compliance with Environmental Regulations: The Borrower agrees to comply with all applicable federal and state environmental regulations concerning the storage and disposal of hazardous materials and solid wastes during the term of the Note, including any extensions thereof.

33. Compliance with Conditions of Permit: Borrower agrees to comply with all terms and conditions imposed by the VANR in connection with the Permit. All terms and conditions of said Permit are hereby incorporated by reference as affirmative covenants of the Borrower in this Agreement. Borrower further agrees to provide to Town copies of all correspondence received from or sent to VANR, as well as any reports provided to VANR promptly upon submission to or receipt from VANR. Upon Borrower's failure to comply with the Permit, Town may, following such notice to Borrower as is reasonable, take any necessary action to cure Borrower's non-compliance, including, without limitation, performing maintenance, and making needed repairs or replacements. Borrower agrees Town may advance and pay any charges necessary to cure Borrower's non-compliance and that any sums so paid shall, at the sole discretion of Town, be immediately due and payable or be added to the principal indebtedness of the Note and bear interest at the Rate provided for therein.

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34. Expenses of Collection of Enforcement: The Borrower agrees, if at any time the Borrower defaults on any provision of this Loan Agreement, to pay Town or its successors and assigns, in addition to any other amounts that may be due from the Borrower, an amount equal to the reasonable costs and expenses of collection, enforcement or correction of default incurred by Town or its assigns in such collection, enforcement or correction of default, including, but not limited to, the fees, costs and expenses of legal representation of Town.

The Borrower covenants and agrees that, from the date hereof until payment in full of the Note, unless Town, its successors or assigns, shall otherwise consent in writing, it will not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Loan Agreement including, but not limited to, the following:

35. Encumber the Property: The Borrower will neither create nor suffer to exist any mortgage, pledge, lien, charge or encumbrance, including liens arising from judgments, on the Property, exclusive of that arising under other security instruments executed and delivered to Town hereunder, or except as otherwise agreed to in writing, in advance, by Town. Borrower agrees that any loan made to it by its shareholders, officers or directors shall be subordinate to the Loan of Town.

36. Convey the Property: The Borrower will not, without the express prior written approval of Town, sell, convey, or suffer to be conveyed, lease, assign, transfer, hypothecate or otherwise dispose of the Property. The Town's prior approval shall not be required if the Note will be paid in full at the time of the conveyance.

37. Change of Ownership: The Borrower will not, without the express prior written approval of Town, which approval shall not be unreasonably withheld delayed, permit or cause to occur any material change in the ownership, structure, control or operation of Borrower, including but not limited to:

A. Merger or consolidation by, into or with any other business entity;

B. Acquisition by any business entity;

C. Substantial revision or restructure of the ownership of Borrower;

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D. Any dissolution, termination or liquidation of Borrower or transfer of a majority shareholder interest, including but not limited to the pledge, encumbrance or hypothecation of such interest; or

E. Any transfer, alienation or conveyance of Borrower's capital assets or properties outside of the ordinary course of business.

38. Change of Project: The Borrower will neither permit nor suffer to exist, without the prior written consent of Town, any material change in the Project's plans and/or specifications as same are represented by the existing plans and specifications heretofore submitted to Town by Borrower in connection with the Loan application. A material change will include any significant variance in the accepted plans and specifications and increases in contract prices, and/or additional financial obligation with respect to the construction of improvements on the Mortgaged Property.

39. Restriction on Financial Activities:

The Borrower shall not, absent the prior written approval of Town, which approval shall not be unreasonably withheld if, in the sole discretion of Town, the financial operations of Borrower justify approval, conduct, perform, commit nor suffer any of the following:

A. Purchase or lease of capital assets not included in the Project having a fair market value in the aggregate in excess of \$100,000 in any fiscal year;

B. Pay salaries and bonuses to any officer, director or shareholder of the Borrower in the aggregate in excess of \$100,000 in any fiscal year;

C. Make loans to any shareholder, officer or director of Borrower;

D. Pay interest or principal on loans made by shareholders, officers or directors of Borrower to Borrower;

E. Pay dividends on Borrower's capital stock, whether cash or stock, except for dividends sufficient to offset the income tax liabilities of the shareholders directly related to their status as shareholders arising from Borrower's Sub S

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corporate status, if applicable; or

F. Purchase, sell, issue or redeem capital stock of Borrower, except that Borrower may continue to issue shares of common stock up to the currently authorized limit of _____ shares, and subject to the limitations applicable to exempt transactions set forth in 9 V.S.A. Section 5020.

The entire unpaid principal of the Note, and the interest accrued thereon, shall become immediately due and payable without any other notice or demand of any kind or any presentment or protest, if anyone of the following events (hereinafter referred to as an "Event of Default") shall occur, whether voluntarily or involuntarily, or without limitation occurring or brought about by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rules or regulations of any administrative or governmental body:

40. Non-Payment of Loan: If the Borrower shall fail to make payment when due of any installment of principal on the Note, or interest accrued thereon, and if the default shall remain unremedied for twenty (20) days after the due date thereof.

41. Non-Payment of Other Indebtedness: If default shall be made in the payment when due of any installment of principal or of interest on any of Borrower's other indebtedness, and if such default shall remain unremedied for twenty (20) days after the mailing of notice of such default to Borrower.

42. Incorrect Representation or Warranty: Any representation or warranty contained in, or made in connection with, the execution and delivery of this Loan Agreement, or in any certificate furnished pursuant hereto, shall prove to have been incorrect when made in any material respect.

43. Default in Covenants: The Borrower shall default in the performance of any other term, covenant or agreement contained in this Loan Agreement, and such default shall continue unremedied for twenty (20) days after the mailing of notice of such default to Borrower.

44. Voluntary Insolvency: The Borrower shall become insolvent or shall cease to pay its debts as they mature or shall voluntarily file a petition seeking reorganization of, or the appointment of, a receiver, trustee or the pursuit of liquidation

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of the Borrower or a substantial portion of its assets, or to effect a plan or other arrangements with creditors, or shall be adjudicated bankrupt, or shall make a voluntary assignment for the benefit of creditors.

45. Involuntary Insolvency: If an involuntary petition shall be filed against the Borrower under any bankruptcy, insolvency or similar law seeking the reorganization of or the appointment of any receiver, trustee or liquidator for the Borrower, or of a substantial part of the property of the Borrower, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower, and such petition shall not be dismissed, or such writ or warrant of attachment or similar process shall not be released or bonded, within sixty (60) days after filing or levy thereof.

46. Waiver of Notice: No failure or delay on the part of the Town in exercising any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof or the exercise of any other right, power or remedy hereunder. No modification or waiver of any provision of this Loan Agreement or of the Note, nor any event be effective unless the same shall be reduced to a writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand upon the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

47. Remedies on Default:

A. Acceleration. Upon default by the Borrower as defined herein, and if such default shall remain unremedied for twenty (20) days after notice of default is mailed to Borrower, then the Town may at its option declare all of the obligations of the Note immediately due and payable. In the event of default and in the event of acceleration, the Town shall have all the rights, remedies and privileges with respect to the Property as are provided in this Loan Agreement, the Note, Mortgage, Easement and available under general law.

B. Attorneys' Fees, etc. Upon any default, the Town may consult an attorney and Borrower agrees to reimburse Town for

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all reasonable attorneys' fees and expenses as provided in this Loan Agreement and the legal and other expenses for enforcing the Town's rights under this Loan Agreement, the Note, Mortgage, Easement and general law.

C. **Deficiency.** The Borrower shall remain liable for any deficiency resulting from a sale of the Property and shall pay any such deficiency forthwith on demand.

D. **Monies Advanced.** If the Borrower shall default in the performance of any of the provisions of this Loan Agreement on the Borrower's part to be performed, the Town may perform same for the Borrower's account and any monies expended in so doing shall be chargeable with interest to the Borrower and added to the indebtedness secured hereby.

48. Disclaimer: The Town's execution of this Loan Agreement and taking those actions contemplated herein is solely in the capacity of a "Lender of money" to Borrower and any other type of commercial/business relationship between Town and Borrower is expressly disavowed. By making the Loan to Borrower for construction of the Disposal System, Town does not make any warranty, express or implied, regarding the Disposal System and assumes no responsibility for constructing, maintaining, repairing or replacing the Disposal System if it is constructed.

49. **Notices:** All notices, consents, requests, demand and other communications hereunder shall be in writing and shall be deemed to have been duly given to a party hereto if mailed by certified mail, postage prepaid, to the Town and the Borrower at the following addresses:

If to Town:

If to Borrower:

50. **Survival of Representations and Warranties:** All agreements, representations and warranties made by the Borrower herein or in any other document or certificate delivered to Town in connection with the transactions contemplated by this Loan Agreement shall survive the delivery of this Agreement, the Note, the Mortgage, and the Security Agreement hereunder, and shall continue in full force and effect so long as the Note is outstanding.

51. **Successors and Assigns:** This Loan Agreement shall be

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binding upon the Borrower, its successors and permitted assigns, provided however, that the Borrower may not assign or transfer any rights hereunder without the prior written consent of Town. This Agreement shall inure to the benefit of Town, its successors and assigns, and, except as otherwise expressly provided in particular provisions hereof, all subsequent holders of the Note.

52. Counterparts: This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

53. Governing Law: This Loan Agreement, the Note, the Mortgage and each and every other document contemplated hereby shall be deemed contracts made under the laws of the State of Vermont, and for all purposes shall be construed in accordance with the laws of the State of Vermont.

54. Section Headings: Section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their names to be subscribed and their seals affixed as of the date and the year first above written.