The State of New Hampshire

DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner

February 22, 2013

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

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a loan agreement with Edward M. Houck Family Trust dba Valley View Reality Trust, Hampton, NH. (VC #227929) in the amount of $220,000 to finance water system improvements subject to conditions as outlined in documents substantially in the form presented, under the provision of RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. effective upon Governor & Council approval. 79% Federal Funds, 21% Capital (General) Funds.

Funding is available in the accounts as follows:

	FY 2013
03-44-44-441010-4789-301-500833 Dept Environmental Services, DWSRF Loans, Loans	$173,800
03-44-44-441030-0956-034-500161 Dept Environmental Services, 11-253:1:VI-B, DWSRF Match	$46,200

EXPLANATION

The purpose of this loan agreement is to authorize Edward M. Houck Family Trust dba Valley View Reality Trust, Hampton, NH to borrow up to $220,000 from the Drinking Water State Revolving Loan Fund (DWSRF) to finance water system improvements. These improvements include upgrading the existing uranium treatment system and replacing aging water lines in the Rolling Acres Mobile Home Park water system in Mont Vernon, New Hampshire, owned and operated by Edward M. Houck Family Trust dba Valley View Reality Trust, Hampton, NH. The improvements will improve water quality and address compliance issues.

The DWSRF is authorized by RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. The U. S. Environmental Protection Agency (EPA) has provided approximately $104,221,498 to capitalize the DWSRF and the State has provided $28,249,860 in required matching funds. There is currently a balance of $$11,586,286 in the DWSRF available for new loans. Attached is a tabulation of the DWSRF showing the effect of this loan on the funds available for loans.

We respectfully request your approval.

for Thomas S. Burack, Commissioner

Attachments

DES Web site: **www.des.nh.gov**
P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095
Telephone: (603) 271-2513 • Fax: (603) 271-5171 • TDD Access: Relay NH 1-800-735-2964

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

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

			DWSRF	REPAYMENT	ARRA
Federal Funds			$104,221,498	$0	$18,720,000
Plus 20% State Match			$28,249,860	$0	$0
Repayment Account			$0	$23,578,939	$0
Total Funds Authorized/Available			$132,471,358	$23,578,939	$18,720,000
Less Loans Previously Approved			$120,885,072	$0	$18,720,000
Funds Available for Loans			$11,586,286	$23,578,939	$0
New Loan Agreement(s)					
Northern View Apartments			($195,000)		
Well Hill Cooperative, Inc.			($268,000)		
Rolling Acres MHP			($220,000)		
Amended Loan Agreement(s)					
	Original Loan	Final Loan			
Swains Lake Village District	$250,000	($160,406)	$89,594		
North Conway Water Precinct	$2,060,000	($2,011,099)	$48,901		
City of Portsmouth	$5,000,000	($5,000,000)	$0		
Hampshire Court Condo Assoc	$61,000	($61,000)	$0		
Lawrence Olson & Jean Hill	$80,000	($80,000)	$0		
Francestown Village Water Co	$207,000	($62,964)	$144,036		
Peter Knox - Castle Trust (Blueberry Hill)	$250,000	($250,000)	$0		
City of Dover	$4,000,000	($4,000,000)	$0		
Net Change to Loan(s)			($400,469)	$0	$0
Balance Available After G & C Approval			**$11,185,817**	**$23,578,939**	**$0**

NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
Drinking Water State Revolving Loan Program

DWSRF Fund Available For Loans	Amount
1997 - 2006 Capitalization Grants	$84,740,500
Plus State Match	$16,952,100
Less Setasides	($18,990,542)
Total 1997-2006 Funds Available for Loans	**$82,702,058**
2007 Capitalization Grant	$8,229,000
Plus State Match	$1,646,160
Less Setasides	($2,550,990)
Total 2007 Funds Available for Loans	**$7,324,170**
2008 Capitalization Grant	$8,146,000
Plus State Match	$1,629,200
Less Setasides	($2,525,260)
Total 2008 Funds Available for Loans	**$7,249,940**
2009 Capitalization Grant	$8,146,000
Plus State Match	$1,629,200
Less Setasides	($2,525,260)
Total 2009 Funds Available for Loans	**$7,249,940**
2010 Capitalization Grant	$13,573,000
Plus State Match	$2,714,600
Less Setasides	($4,712,120)
Total 2010 Funds Available for Loans	**$11,575,480**
2011 Capitalization Grant	$9,418,000
Plus State Match	$1,883,600
Less Setasides	($2,919,580)
Total 2011 Funds Available for Loans	**$8,382,020**
2012 Capitalization Grant	$8,975,000
Plus State Match	$1,795,000
Less Setasides	($2,782,250)
Total 2012 Funds Available for Loans	**$7,987,750**
Total 1997-2012 Funds Available for Loans	**$132,471,358**

FORM REG-1

STATE OF NEW HAMPSHIRE

DEPARTMENT OF ENVIRONMENTAL SERVICES

STATE DRINKING WATER REVOLVING LOAN FUND

Loan Agreement

THIS LOAN AGREEMENT (the "Agreement"), dated _____ ____, 2012, has two parties:

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

(2) the following person which is borrowing funds from the State:

Edward M. Houck Family Trust dba
Valley View Realty Trust (VVR)
314 Lafayette Road
Hampton, NH 03842
(the "Borrower")

FUNDAMENTAL PREMISES FOR THIS AGREEMENT

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

B. The Borrower owns and operates forty (40) housing units in Mont Vernon, New Hampshire known as the Rolling Acres Mobile Home Park. The Borrower has applied to borrow up to $220,000 to invest in Rolling Acres as an equity capital contribution to finance capital improvements of the public water system of Rolling Acres serving the residential dwellings including upgrading the existing uranium treatment system and associated facilities and controls.

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

TERMS AND CONDITIONS OF THIS AGREEMENT

The State and the Borrower agree as follows:

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

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

"Contractor" means the contractor who enters into the Construction Contract.

"State" means the State of New Hampshire, Department of Environmental Services.

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

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

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

"Event of Default" has the meaning provided in Section 8.

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

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

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

"Loan Proceeds" have the meaning provided in Section 2.

"Mortgage" means the Mortgage Deed of the Borrower to the State in form of Exhibit D pursuant to which the Borrower shall mortgage the Premises.

"Note" means the Borrower's Promissory Note of even date herewith in the principal amount of $220,000 payable to the order of the State in the form attached hereto as Exhibit B.

"Permitted Encumbrances" have the meaning provided in Section 4(a).

"Plans" mean the plans, specifications, drawings and specifications described in Exhibit B attached hereto.

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

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

"Title Insurance Company" means a title insurance company satisfactorily furnishing a title insurance policy insuring the Mortgage.

"Total Budget" means the budget for all costs of constructing and equipping the Improvements set forth in Exhibit C.

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

3. Representations

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

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

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

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

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

(e) [Intentionally left blank]

(f) No Litigation. No litigation or proceedings are pending or threatened against the Borrower or the Premises;

(g) Financial Statements. The balance sheets and financial statements of Borrower, which were submitted in connection with Borrower's request for the loan contemplated herein, were prepared on a basis consistent with that of preceding periods and are complete and correct

and fairly present the financial condition of the Borrower as of the applicable dates. The Borrower has no contingent obligations, liabilities for taxes or unusual forward or long-term commitments except as in the foregoing financial statements specifically mentioned. Since the date of such financial statements, there has been no material adverse change in the financial condition of the Borrower;

(h) Due Organization and Authority. The Borrower is a duly organized and validly existing New Hampshire corporation in good standing under the laws of the State of New Hampshire. The Borrower has the power and authority to own its properties and to carry on business as now being conducted and is qualified to do business in every jurisdiction where such qualification is necessary and has the power to execute and deliver, and perform its obligations under this Agreement, the Note and the Security Instruments;

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

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

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

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

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

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

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

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

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

(a) Premises. The Borrower shall have acquired good and marketable title to the Premises, free and clear of all liens and encumbrances, except such encumbrances as are accepted by the State (hereinafter referred to as the "Permitted Encumbrances"), the Borrower shall execute the Mortgage, and the lien of the State created by the Mortgage shall be insured by a mortgagee's title insurance policy issued by the Title Insurance Company in form and substance satisfactory to the State, and the Borrower shall deliver an updated insurance certificate evidencing casualty and/ or builders risk insurance for the Premises with the State listed as mortgagee and loss payee;

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

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

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

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

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

(g) Environmental Report. The State shall have received an environmental report with respect to the Premises satisfactory to the State;

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

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

(j) Mechanic's Lien Waivers. The Borrower shall provide the State with mechanic's lien waivers executed by the Contractor and all subcontractors relative to all work performed on Improvements before or as of the date hereof, together with the Borrower's written certification that it has complied with this Section 5(l); and

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

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

(a) Construction. Enter into the Construction Contract, which shall be binding upon the Borrower and the Contractor on or before December 1, 2013 and cause the Improvements and any utility facilities necessary for the operation of the Borrower's business or the occupancy of the Premises and the Improvements and not currently available to the Premises to be constructed, equipped and completed, with all reasonable dispatch, but in any event within Twelve (12) months from the date hereof, in accordance with the Plans and all laws, rules, regulations and requirements of governmental authorities having jurisdiction with respect to the Improvements;

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

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

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

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

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

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

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

reserved or accrues to anyone to remove or repossess any such property that is a part of the Improvements;

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

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

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

(l) Taxes. Pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its respective income and profits or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default; provided that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and it shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim, so contested; and provided, further, that payment with respect to any such tax, assessment, charge, levy or claim shall be made before any of its property shall be seized or sold in satisfaction thereof;

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

(n) Financial Statements. If requested by the State, furnish to the State such information regarding its operation, assets, business affairs and financial condition, as the State may reasonably request and in particular shall furnish to the State (i) within ninety (90) days of the close of each fiscal year during the term of the loan annual financial statements of the Borrower and, on or before April 15 of each such year of the Guarantor, prepared on a basis consistent with previous periods and certified by the Borrower as fairly presenting the financial condition of the Borrower and otherwise in form and content reasonably acceptable to the State and (ii) as soon as practical after filing with the Internal Revenue Service a copy of the executed federal income tax returns of each of the Borrower with all schedules thereto;

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

(i) indebtedness to the State;

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

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

(p) [Intentionally left blank;]

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

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

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

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

(i) Examine any of the Borrower's, the contractor's or any subcontractor's records that pertain to and involve transactions relating to this Agreement, the Construction Contract, the Engineering Contract or a subcontract thereunder; and

(ii) Interview any officer or employee regarding such transactions.

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

(u) Prevailing Wage Requirement. Shall comply with the Wage Rate Requirements. Additionally, in accordance with 2 C.F.R. §176.190, the standard Davis-Bacon contract clause as specified by 29 CFR §5.5(a) shall be included in the bid package for the Improvements.

(v) Debarment. Shall not knowingly award a construction contract to a contractor which has been debarred or suspended by the federal government. The Borrower or its agent shall compare the names of contractors who have bid on the project against the searchable list in

the federal "Excluded Parties List System" (EPLS) database, which can be found at https://www.epls.gov/; and

(w) Utilization of Small, Minority and Women's Business Enterprises. Pursuant to 40 CFR, Section 33,301, make good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained.

6. Loan Disbursements.

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

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

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

(a) (i) Invoices from engineer or consultant for services in accordance with the Engineering Contract, if any; or

(ii) Such other documentation, satisfactory to State, which will permit the Title Insurance Company to issue an endorsement covering the amount of the requested advance;

(b) A completed disbursement request form signed by an authorized representative of Borrower with the contractor's payment estimate and invoices, in form approved by State and with such backup information as State may reasonably request;

(c) A certificate of the Engineer selected by or satisfactory to State, that all work performed at the site of construction as of the date the disbursement is requested has been performed in good and workmanlike manner, that all materials and fixtures usually furnished and

installed at that time have been furnished and installed, all in accordance with the Plans, and that sufficient Loan Proceeds remain undisbursed to complete the Improvements in accordance with the Plans and the Total Budget;

(d) [Intentionally left blank;]

(e) A written certificate of the Borrower and the Contractor that each of them has received no affidavits or other notices in connection with the obtaining of a mechanic's lien by any contractor, subcontractor, materialman or laborer;

(f) The Borrower's written certification that at least forty-eight (48) hours before the requested release of the advance the Borrower has posted a notice in a conspicuous place on the Premises of the anticipated funding date for the advance, together with a copy of such notice; and

(g) Any other documents that the State shall reasonably request the Borrower to provide to protect the priority of the lien of the Mortgage or other Security Instrument, including without limitation, lien waivers of the Contractor or subcontractors.

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

6.5 Quality of Work. No disbursement shall be made unless all work usually done at the stage of construction when the disbursement is requested is done in a good and workmanlike manner and without defects, and all materials and fixtures usually furnished and installed at that time are furnished and installed, but the State may disburse all or part of any installments before the same shall become due if the State believes it advisable so to do, and all such disbursements or payments shall be deemed to have been made pursuant to this Agreement.

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

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

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

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

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

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

(b) Title Insurance. A written endorsement of the Title Insurance Company insuring the Premises and Improvements against mechanics' and materialmen's liens;

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

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

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

(a) Title Insurance. The Title Insurance Company shall refuse to insure any advance made hereunder to be secured by the Mortgage as a valid lien on the Borrower's interest in the Premises and the Improvements, subject only to the Permitted Encumbrances;

(b) Assignment. The Borrower attempts to assign its rights under this Agreement or any advance made or to be made hereunder or any interest therein, or if the Improvements or the Premises are conveyed or encumbered in any way without the written consent of the State;

(c) Encroachment or Violation. Any survey, report or examination discloses that the Improvements or any portion thereof encroach upon or project over or in a street (except as contemplated by the Plans) or upon or over adjoining property or violate any setback or other restriction, however created, or any zoning regulations or any building restriction of any governmental authority having jurisdiction with respect to the Improvements;

(d) Casualty. The Improvements or the improvements on the Premises are materially damaged or destroyed by fire or other casualty or cause and the insurance proceeds therefrom (subject to the terms of the Mortgage) are inadequate to rebuild or restore the Improvements or the improvements on the Premises to their condition immediately prior to such casualty;

(e) Failure to Construct. The Borrower or the Contractor does not construct the Improvements in accordance with the Plans;

(f) Misrepresentation. Any representation or warranty made herein or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or any advances made hereunder, by or in behalf of the Borrower, shall prove to be false or misleading in any material respect;

(g) Mechanics' Liens. Any mechanics', laborers', materialmen's or similar statutory liens, or any notice thereof, shall be filed against the Premises and/or the Improvements and shall not be discharged within thirty (30) days of such filing or such greater period of time as shall be permitted by the terms of the Mortgage or other Security Instrument;

(h) Other Defaults. The Borrower shall default in the due observance or performance of any covenant, condition or agreement to be observed or performed by the Borrower under this Agreement not otherwise specifically referred to in this Section 8, provided in the case of a default the Borrower's obligations under Section 5(h) or 5(i) that such default shall continue for more than thirty (30) days after written notice of such default;

(i) Other Loan Documents. Any event of default as defined in the Note or any Security Instrument, or any event which, with the giving of notice or passage of time, or both, would become an event of default under such instruments shall occur;

(j) Cessation of Work. Any substantial cessation occurs at any time in construction of the Improvements except for strikes, riots, or other causes beyond the Borrower's control, or if any substantial change is made in the schedule for the construction of the Improvements from that provided in the Plans or this Agreement without the approval of the State;

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

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

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

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

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

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

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

9. State's Rights and Remedies Upon Default.

9.1 General State Rights. Upon the occurrence of any Event of Default, all obligations on the part of the State to make disbursements under this Agreement shall, if the State so elects, cease, and, at the option of the State (but subject to the terms and conditions set forth in the Note and any applicable Security Instrument), the Note shall become immediately due and payable, and the State shall thereupon be authorized and empowered to exercise any rights of foreclosure or as otherwise provided for the realization of any security for the Note covered by any of the Security Instruments; but the State may make any disbursements or portions of disbursements, after the occurrence of any such Event of Default, without thereby waiving its right to demand payment of the Borrower's indebtedness evidenced by the Note and secured by the Security Instruments and without becoming liable to make any other or further advances as hereinabove contemplated by this Agreement.

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

Borrower, whether or not previously incorporated into the Improvements, all in the sole discretion of the State.

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

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

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

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

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

10. Hazardous Materials Indemnification.

10.1 Definitions.

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

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

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

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

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

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

(i) costs of removal of any and all Hazardous Materials from all or any portion of the Premises or any areas surrounding the same;

(ii) additional costs required to take necessary precautions to protect against the release of Hazardous Materials on, in, under, or affecting, the Premises, or into the air, any body of water or wetland, any other public domain, or any areas surrounding the Premises;

(iii) costs incurred to avoid the imposition of, or to discharge, any lien on the Premises arising from any failure to comply with Legal Requirements;

(iv) costs incurred to comply with all Legal Requirements relating to the Premises or any other collateral for the Loan, including without limitation, fines, penalties or other charges imposed by any lawful authority; and

(v) costs and expenses incurred in ascertaining the existence or extent of any asserted violation of any Legal Requirements relating to the Premises and any remedial action taken on account thereof including, without limitation, the costs, fees and expenses of engineers, geologists, chemists, other scientists, attorneys, surveyors and other professionals, and testing and analyses performed in connection therewith. The foregoing shall not apply to precautionary testing which is not in response to a specific identified potential release at the Premises.

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

12. General Provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

THE STATE OF NEW HAMPSHIRE

_____
Witness

By: _____
Thomas S. Burack, Commissioner
Department of Environmental Services

THE EDWARD M. HOUCK FAMILY TRUST

_____
Witness

By: _____
Kathleen K. Rush,
Trustee of the Edward M. Houck Family Trust

EXHIBIT C

PROMISSORY NOTE

$220,000

FOR VALUE RECEIVED the Edward M. Houck Family Trust dba Valley View Realty Trust owns and operates a mobile home park located in Mont Vernon, New Hampshire with 40 lots, with a principal place of business at 314 Lafayette Road, Hampton, New Hampshire 03842 ("Borrower"), promises to pay to State of New Hampshire with an address of c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095, or its order ("State"), the sum of Two Hundred Twenty Thousand Dollars ($220,000) or such lesser amount as shall be disbursed to Borrower by State pursuant to a Loan Agreement of near or even date by and between Borrower and State (the "Loan Agreement"), in lawful money of the United States, together with interest thereon at the annual rate of one percent (1%) until the earlier of (i) the date of substantial completion of the Improvements (as defined in the Loan Agreement) as determined by State or (ii) December 1, 2013 (such earlier date being the "Interest Rate Change Date") and commencing on the Interest Rate Change Date at the lower of (A) the annual rate of 2.720% or (B) eighty percent (80%) of the established 11 General Obligations Bond Index published during the first week of the month of October before the Interest Rate Change Date (the interest rate at any given time, the "Applicable Interest Rate"). Capitalized terms used but not defined herein have the meaning given to them in the Loan Agreement.

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

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

(b) Commencing with the first day of the thirteenth month after the Interest Rate Change Date, the principal and interest of the Note shall be paid in Two hundred and Forty(240) consecutive equal monthly installments of principal and interest on the first day of each month with the installment amount calculated to amortize the principal balance of the Note over the 240 month period at the Applicable Interest Rate; provided, however, that Borrower shall have the option to elect prior to the first installment payment under paragraph 1(a) to have the interest accruing prior to the Interest Rate Change Date be capitalized and added to the principal amount of the Note rather than paid in the first installment of interest to be paid pursuant to paragraph 1(a); so long as the sum of the principal balance of the Note plus interest accruing prior to the Interest Rate Change Date (such sum being the "Capitalized Amortization Amount") shall not exceed $220,000, and if the sum of unpaid principal plus interest accruing prior to the Interest Rate Change Date exceeds $220,000, such excess amount of interest shall be due and payable with the first payment of interest pursuant to paragraph 1(a) above. If Borrower elects to have such interest capitalized, then the Capitalized Amortization Amount shall be paid in Two Hundred Forty (240) consecutive equal monthly installments of principal on the first day of each month, commencing with the first day of the thirteenth month after the Interest Rate

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

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

3. Security. This Note is secured by a Mortgage Deed of near or even date herewith of Borrower to State that provides a mortgage of real property of Borrower located in Hillsborough County, New Hampshire and other security instruments (collectively with such Mortgage the "Security Instruments") described in the Loan Agreement. .

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

5. Applicable Interest. Borrower expressly agrees that the Applicable Interest Rate specified in this Note shall be the applicable interest rate due (i) on amounts outstanding during the term hereof and (ii) with respect to any amount outstanding on and after the maturity date hereof.

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

If Borrower shall file a petition under any section of the Bankruptcy Code, shall make an assignment for the benefit of creditors, shall have a receiver appointed over its affairs who shall not be discharged within sixty (60) days from the date of appointment, or shall have filed against it a petition under a section of the Bankruptcy Code, or any debtor-creditor act, which petition shall not be dismissed within sixty (60) days of the date of filing of the same, then the balance of principal and interest remaining unpaid on this Note shall become due and payable forthwith without demand or notice.

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

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

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

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

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

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

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

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

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

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

EXECUTED as of the day and year first above written.

THE EDWARD M. HOUCK FAMILY TRUST DBA VALLEY VIEW REALTY TRUST

_____
Witness

By: _____
Kathleen K. Rush,
Trustee of the Edward M. Houck Family

Upton & Hatfield, LLP
P.O. Box 1090
Concord, NH 03302-1090

MORTGAGE DEED

EDWARD M. HOUCK FAMILY TRUST, a family trust, having a mailing address of 314 Lafayette Road, Hampton, New Hampshire 03842 ("Mortgagor"), for consideration paid, grants to **STATE OF NEW HAMPSHIRE**, whose address is c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302 ("State"), with MORTGAGE COVENANTS, to secure the payment of Two Hundred Twenty-Two Thousand Dollars ($222,000.00), with interest, and the payment of a promissory note of this date (the "Note") and performance under a loan agreement of approximately this date (the "Loan Agreement"), and any amendments, extensions, or renewals:

> A tract of land, together with the buildings thereon, located in Mont Vernon, New Hampshire and, Hillsborough County, New Hampshire, known as Rolling Acres Mobile Home Park, described on the attached Schedule A, and subject to the encumbrances listed on Schedule B (the "Premises"), together with all appurtenant rights and improvements existing now or created hereafter, and all fixtures, equipment, machinery, and furnishings, now or hereafter acquired, located on or used in connection with the Premises.

The transfer of legal or beneficial ownership or interest in the Premises, or any part thereof, without the written consent of State shall, at the option of State, make the entire balance of principal and interest on the note or notes secured hereby at once due and payable.

This mortgage is upon the STATUTORY CONDITIONS and the additional conditions that Mortgagor shall keep the Premises insured against loss by all such hazards, in such amounts and with such companies, as State may require; that Mortgagor shall reimburse State for, and there shall be secured by this mortgage, all sums which State may advance for insurance, taxes, liens, assessments, or other expenses that State shall deem necessary for the protection or preservation of the Premises and State's interest therein, together with interest on such sums at the same rate as provided in the note.

Upon any breach of the foregoing conditions, or upon default of the Note or the Loan Agreement, State is authorized, without waiving its other rights as State, to take possession of or rent the Premises for the account of Mortgagor, and State shall further have the STATUTORY POWER OF SALE , which is incorporated herein by reference, to sell the Premises by public auction on the Premises, first complying with the statutes of the State of New Hampshire relating to the foreclosures of mortgages ,in one or more lots, at one or several sales, and Mortgagor hereby appoints any officer of State its agent and attorney-in-fact to convey the Premises so sold to the purchaser by indefeasible title, discharged of all rights of redemption by Mortgagor or any person claiming under it. This mortgage is given primarily for a business, commercial or agricultural purpose.

Without waiving its other rights as mortgagee, upon a default beyond any applicable grace or cure period of this mortgage, the Note, or the Loan Agreement, State and its agents are authorized to enter upon and into the Premises and exclude Mortgagor; to use, operate, manage and control the

Premises and conduct the business thereof, including without limitation, the construction, repair, renovation, and replacement of the Premises as State deems advisable; and to lease the Premises to tenants and to collect all income, rents, and revenues. All expenses, including compensation to State's agents and attorneys, associated with the possession, use, operation, and management of the Premises shall be charged to Mortgagor, and shall become a part of the indebtedness secured by this mortgage. Notwithstanding the foregoing, State agrees to release to Mortgagor any and all amounts received by Mortgagor under any insurance policies for restoration and renovation of the Premises, upon any such pre-conditions or conditions as State may reasonably require.

Mortgagor hereby irrevocably appoints State its attorney-in-fact to take all necessary steps, including actions in court, to collect all amounts due for the rental of the property, and to apply the proceeds of such action, after payment of costs and attorneys' fees, to the obligations secured by the mortgage, if Mortgagor is in default beyond any applicable grace or cure period of this mortgage or the promissory note or loan agreement secured by this mortgage.

Mortgagor grants State an easement to enter on and upon the Premises at all reasonable times and from time to time for the purpose of making such audits, tests, inspections, and examinations, including without limitation subsurface and groundwater exploration and testing, as State, in the good faith exercise of its discretion, deems necessary, convenient, or proper in order to determine whether the condition, ownership, use, and operation of the Premises and the conduct of any and all activities engaged in thereon are in full compliance with the Loan Agreement and with all Environmental Laws.

Mortgagor grants State a security interest in all fixtures and personal property described in this mortgage deed. If Mortgagor has executed a security agreement to State for the same collateral,

the security agreement shall be deemed as additional security and in confirmation of the foregoing. State shall have all rights of a secured party pursuant to the New Hampshire Uniform Commercial Code, with respect to the security interests in personal property created by this mortgage.

Edward M. Houck Family Trust

By: _____
Kathleen K. Rush,
Trustee of the Edward M. Houck
Family Trust

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me on January___, 2013, by Kathleen K. Rush, trustee of the Edward M. Houck Family Trust, a family trust.

_____
Justice of the Peace
Notary Public

SECURITY AGREEMENT

Agreement made as of January ___, 2013, between **EDWARD M. HOUCK FAMILY TRUST DBA VALLEY VIEW REALTY TRUST**, a family trust, whose address is 314 Lafayette Road, Hampton, New Hampshire 03842 ("Borrower"), and **STATE OF NEW HAMPSHIRE**, whose address is c/o Department of Environmental Services, 29 Hazen Drive, P.O. Box 95, Concord, New Hampshire 03302-0095 ("State").

For consideration paid, the parties agree that:

1. Creation of Security Interest.

Borrower grants to State a first security interest in the collateral described in Section Two, to secure the performance and payment of Borrower's obligations to State, including, without limitation, a promissory note by Borrower to State dated of this date, in the principal amount of $195,000.00 (the "Note"), and performance of a Loan Agreement of this date (the "Loan Agreement"), and any later amendments, extensions and renewals of the Note and Loan Agreement (All capitalized words not defined in this agreement shall be defined as described in the Loan Agreement).

2. Description of Collateral.

The collateral that is subject to this security interest consists of the personal property of Borrower of the following description (the "Collateral"):

> The following properties, assets and rights of Borrower, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof: all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims,

securities and all other investment property, supporting obligations, any other contract rights (to the extent that a security interest in such rights can be pledged as collateral without a breach of the terms of such contracts) or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles).

3. Obligations of Borrower.

a. Payment. Borrower shall pay to State the sum evidenced by the Note, in accordance with the terms of the Note, and all other amounts due State under the Loan Agreement.

b. Financing Statements. At the request of the State, Borrower will file all necessary financing statements and other instruments in a form satisfactory to State, and will pay the cost of filing such statements, to perfect State's security interest in the Collateral. The financing statement may describe the Collateral as "all assets" or a similar description permitted under RSA 382-A:9-504.

c. Location and Identification of Collateral. Borrower will not remove the Collateral from its place of business without the written consent of the State, except for sales of inventory and replacement of equipment in the ordinary course.

d. Maintenance of Collateral. Borrower will not, without the written consent of State, sell, lease, encumber, or otherwise dispose of any interest in the Collateral, except for replacement of equipment in the ordinary course, and Borrower shall keep the Collateral in good order and repair. State shall have the right to inspect the Collateral at reasonable times, upon reasonable notice.

e. Insurance. Borrower shall insure the Collateral as required by the Loan Agreement. Such insurance shall be for the benefit of Borrower and State as their interests may appear.

f. Taxes. Borrower shall pay promptly all taxes and assessments levied on the Collateral.

g. Records and Accounts. Borrower shall keep an accurate record of the Collateral and will deliver a copy of such records to State at such intervals as State may require.

h. Change of Name or State of Organization. Borrower shall not change its name or state of organization without State's prior written consent.

i. Additional Liens. Borrower will not grant or incur any other lien, security interest, or other encumbrance on the Collateral without State's prior written consent.

4. Representations of Borrower. In addition to any representations and warranties contained in the Loan Agreement, Borrower represents and warrants that it is a nonprofit corporation organized under the laws of New Hampshire.

5. Default. If Borrower fails to pay when due any amount payable on any of the Note, or fails to perform any of the provisions of this agreement or the Loan Agreement, and upon the lapse of any applicable grace period, or any representation or warranty made in this agreement is materially false, Borrower shall be in default. In addition to all rights granted State under the Note and Loan Agreement, State may exercise any and all of the rights granted by Part 6 of RSA 382-A, Article 9. State shall be entitled to collect from Borrower, and to deduct from the proceeds of the sale of the Collateral, its expenses incurred in enforcing this agreement, including reasonable attorneys' fees and legal expenses.

Written notice mailed to Borrower ten (10) days before public or private sale of the Collateral shall constitute reasonable notice. State may require Borrower to assemble the Collateral and to make it available to State at a designated place reasonably convenient to both parties. State may purchase the Collateral at a private sale.

6. New Hampshire Agreement. This security agreement shall be construed according to RSA 382-A and all other applicable laws of the State of New Hampshire.

7. Execution. This agreement may be executed in counterparts.

Edward M. Houck Family Trust dba Valley View Realty Trust

By: _____
Kathleen K. Rush,
Trustee of the Edward M. Houck Family Trust

State of New Hampshire

By: _____
Thomas S. Burack, Commissioner
Department of Environmental Services

DISCLOSURE OF FINANCE CHARGES

STATE OF NEW HAMPSHIRE

Pursuant to New Hampshire RSA Chapter 399-B:2

To: Edward M. Houck Family Trust
dba Valley View Realty Trust
[Borrower's name]

Dated: January ___, 2012

From: State of New Hampshire
[Lender's name]

Amount of Loan: $220,000.00

Term: Twenty years

Finance Charges:

Initial Rate: 1.00% with provisions for adjustment as provided in the Promissory Note. The interest rate shall be an annual percentage rate on the unpaid balances financed.

Interest shall be calculated on the basis of number of days elapsed over a 365 day year.

In addition, the Borrower shall pay all other costs and expenses incurred by the Lender in connection with the loan, including, without limitation, recording fees and all costs of collection, including reasonable attorneys' fees and the expenses shown on the Closing Statement.

Borrower: Edward M. Houck Family Trust dba Valley View Realty Trust

By: _____
Kathleen K. Rush,
Trustee of the Edward M. Houck Family Trust

CLOSING AGENDA FOR LOANS

LENDER:	State of New Hampshire
BORROWERS:	Edward M. Houck Family Trust dba Valley View Realty Trust (VVR)
TRANSACTION:	$222,500.00
CLOSING DATE:	January ___, 2013

Document	Responsible	Status
1. Cover letter	State	X
2. Loan Agreement	U&H	D
3. Promissory Note	U&H	D
4. Security Agreement	U&H	D
5. UCC Financing Statement	U&H	D
6. Mortgage	U&H	D
(1) Exhibit A – Description (2) Exhibit B – encumbrances	Borrower	
7. Disclosure of Finance Charges	U&H	D
8. Schedule of Costs (Exhibit B)	State	
9. Governor and Council Approval	State	
10. Closing Statement	U&H	D
11. Entity Authority and Existence	Borrower	
A. Borrower		
(1) Trust Agreement		
(2) Borrowing Resolution		

12. Environmental Review	State	X
13. Flood Zone Certificate	State	
14. Insurance - evidence and policies	Borrower	
A. Casualty		
B. Liability		
15. Mechanics Lien Affidavit	Borrower	
16. Opinions of Borrowers' Counsel	Borrower	
17. Real Estate Tax Payments	Borrower	
18. Title		
A. Title Insurance	Borrower	
(1) Commitment		
(2) Policy		
B. UCC Searches- NH	U&H	
19. Conditions Precedent		
A. Construction Contract	Borrower	
B. Engineering Contract	Borrower	
C. Plans	Borrower	
20. Construction Loan Notice	U&H	D
21. Notice of Funding	Borrower	
22. Data Universal Numbering System Number	Borrower	

Key:

U&H: Upton & Hatfield
Borrower: Edward M. Houck Family Trust dba Valley View Realty Trust (VVR)
State: State of New Hampshire

X: Completed
D: Draft
S: Signed
R: Recorded