

LOAN AGREEMENT

This is a LOAN AGREEMENT by and between the **New Hampshire Community Loan Fund, Inc.**, a non-profit corporation organized under the laws of the State of New Hampshire (the “Lender”) having a mailing address of 7 Wall Street, Concord, New Hampshire 03301 and **Happy Go Lucky Cooperative, Inc.**, a New Hampshire consumer cooperative corporation, having a mailing address of PO Box 75, Pleasant, New Hampshire (the “Borrower”)

WHEREAS, the Borrower is organized to own and operate the manufactured housing community located at 75 Road Street, Pleasant, New Hampshire known as Shady Pass Mobile Home Park (the “Park”), and engage in other cooperative activities, on a not-for-profit basis for the benefit of the residents of that manufactured housing park; and

WHEREAS, the Borrower requires Seven Hundred Fifty-Six Thousand and 00**Error! Reference source not found.**/100ths Dollars (\$756,000.00) to allow the Borrower to purchase the Park; pay off Lender Loans Z-0517, Z-1227, and Z-0103; cover miscellaneous closing costs associated with the loan closing; and to prefund the Working Capital, Tax Escrow, Priority Improvements, and Capital Improvements Reserve Accounts; and

WHEREAS, the Borrower agrees to conduct the operations of the Park in accordance with the International Cooperative Alliance Principles; and

WHEREAS, the Lender is organized for these purposes:

1. To provide access to housing and productive resources for low- and moderate-income households and other disadvantaged people;
2. To conduct public discussion groups, forums, panels, lectures, and other similar programs designed to educate the public about the benefits of housing and employee cooperatives and other such programs directed at the financing needs of such cooperatives;
3. To support the development of a stable and productive economic base in and for local communities and thereby relieve the burdens of government;
4. To create alternative models of financing for community economic development which encourages investment by local community organizations, churches, and individual residents, and promote greater responsiveness to community and low- and moderate-income needs on the part of conventional lending institutions through:
 - a. Direct lending to community-based development projects;
 - b. Loan referral, packaging, and management assistance for potential lenders and borrowers;
 - c. Technical assistance to community based not-for-profit and cooperative organizations in developing their own management capabilities; and

5. To conserve and enhance the quality and productivity of land and natural resources, while ensuring that low- and moderate-income people share in the use and enjoyment thereof

NOW THEREFORE, the Borrower and the Lender agree as follows:

1. AMOUNT. The Lender shall provide the Borrower with a Seven Hundred Fifty-Six Thousand and 0/100ths Dollars (\$756,000.00) loan.

2. USE AND PAYOUT OF PROCEEDS. Loan proceeds shall be advanced at the closing for the purposes as set forth above.

3. CHANGE OF PURPOSE. If the Borrower changes its organizational purpose, or the purpose as herein described, the unpaid principal of this loan and interest thereon shall become due and payable on demand.

4. SECURITY. The Borrower shall evidence and secure this loan with a Loan Agreement, Promissory Note, a first Mortgage and Security Agreement, a Collateral Assignment of Leases and Rents, and Services Contract (a/k/a Technical Assistance Agreement). The instruments referred to in this paragraph are also collectively referred to as the "Loan Documents".

5. NO ASSIGNMENT. Assignment of this AGREEMENT by the Borrower is expressly prohibited.

6. DIRECT LOAN PAYMENT PLAN. The Borrower shall enroll in the Lender's Direct Loan Payment Plan and have each monthly loan payment, beginning with the payment due May 15, 2023, automatically electronically debited from the Borrower's checking or savings account. In the event the debit transaction cannot be processed due to insufficient funds (NSF) in the Borrower's checking or savings account, the Borrower shall be subject to an NSF charge due and payable to the Lender in an amount not less than \$25.00. Said NSF charge may be debited by the Lender from the Borrower's account. If 2 NSF events occur in any 12-month period, the Borrower may be ineligible to participate further in the program. The Borrower is solely responsible for notifying the Lender in writing at least 15 days prior to a scheduled payment if there is a change of account that is being used for the electronic debit transaction.

7. DEBT COVERAGE COVENANT RATIO. The Borrower shall maintain the following debt service coverage ratio for the life of the loan:

A minimum annual debt service coverage covenant of 1.05% is required. A minimum debt service coverage covenant is defined as: (the sum of after-tax net profit plus depreciation and amortization plus interest expense plus/minus extraordinary income/expenses but after the required transfers to the capital improvement reserve) divided by (the sum of interest expense and current maturities of long-term debt). The Borrower's compliance with the covenant shall be tested annually.

8. SERVICES CONTRACT AND FEE. At the time of closing, the Borrower shall pay a Pre-Purchase Technical Assistance and Training Fee ("Services Contract Fee") of \$XXX,XXX. The Services Contract shall remain in full force and effect for the duration of the loan contemplated herein and shall be deemed a Loan Document. Borrower shall comply with all

terms and conditions set forth in the Services Contract. In addition, on an annual basis, the Borrower shall pay a training fee of \$XXX to the Lender for the term of the Services Contract (life of the loan). This fee is based on a \$2.00 per unit, per month charge. This fee shall be paid in monthly payments of \$XX each and paid in conjunction with each monthly payment due.

9. COSTS. The Borrower shall pay all filing fees and legal expenses related to the execution and collection of the Loan Documents.

10. FINANCIAL REPORTS AND MINUTES. Borrower shall furnish the Lender monthly with the following:

- (i) Attested Copies of Minutes for all Board and Membership Meetings
- (ii) Balance Sheet and Report of Delinquent Rents
- (iii) Budget vs. Actual Profit and Loss / Income Statement

The Borrower shall furnish the Lender with the following within 30 days of the Borrower's Annual Meeting:

- (i) Annual Budget
- (ii) Updated Capital Improvement Plan

Within 120 days of the Borrower's Fiscal Year End, the Borrower shall also furnish the Lender with the following:

- (i) Annual Financial Statements prepared in accordance with NH RSA 301-A:30
- (ii) Federal and State Corporate Tax Returns

The Borrower shall furnish the Lender with any modification to the following for approval prior to presentation to the membership and within 30 days of any final vote:

- (i) Attested Copies of Articles of Incorporation
- (ii) Attested copies of Bylaws
- (iii) Attested Copies of Community Rules

11. NH SECRETARY OF STATE'S ANNUAL REPORT. The Borrower shall, per the requirements of NH RSA 301-A:31, prepare and submit to the Secretary of State a report of its condition, signed under the penalties of perjury by the president or treasurer. Such report shall be made on or before April 1 of each year; provided, however, that any association that has received its certificate of organization at any time between December 1 of the preceding year and April 1, shall not be required to file an annual report during that year. The annual report shall be made on forms prescribed and furnished by the Secretary of State on request, and the information in the report shall be given as of the preceding January 1.

12. TRAINING AND EDUCATION. The Borrower shall commit itself to continuing education and training of its Board of Directors, committees, staff, and members in cooperative management, park operations, and other areas as needed. At the Lender's discretion, the Lender's staff and/or agents will attend the Borrower's Board of Directors, membership, and committee meetings, as needed.

13. INSURANCE. The Borrower shall maintain hazard insurance coverage in an amount sufficient to cover the replacement cost of the insurable property, liability insurance coverage on the Park in the amount of \$1,000,000.00, flood insurance if the insurable property is located in or ever becomes designated to be in a federally designated Special Flood Hazard Area, and bonding insurance for anyone handling more than \$1,000.00 of the Borrower's funds. The Lender shall be designated as first mortgagee and/or loss payee and additional insured on all such policies for the life of the loan.

14. MANAGEMENT. The Borrower shall maintain professional financial or full property management company the Park while any funds are due to Lender under the Loan Documents. The professional management company and its contract shall be approved by the Lender, and once approved, the Borrower agrees that the Board may not cancel or change property management companies, or revise the services, without the prior written approval of the Lender. The Borrower agrees that if the Lender determines at any time during the term of the Loan, that the Borrower is in danger of default of the Loan or the Loan Documents, or the Borrower is in danger of insolvency, then the Lender shall have the right, at its sole discretion, to employ or cause to be employed a management company of the Lender's choosing to oversee monthly lot rent collections, disbursements and to perform any other management necessary to cure the problem. The Lender may also initiate a monthly resident lot rent increase or other charges to cover such management costs. At any time that the Lender exercises its rights under this Section, then the Borrower will pursue every reasonable course of action within its ability to assist the Lender and the management company in preserving the financial viability and integrity of the Park.

15. COMPLETION OF RECOMMENDED WORK. Upon receipt by the Borrower of copies of the Property Conditions Report and a Phase I Environmental Site Assessment (the "Reports") and shall developed a Capital Improvement Plan. The Borrower warrants and represents to the Lender that the Borrower shall comply with all the immediate or priority recommendations of the Reports within the time frames contained therein, and further warrants and represents that the budgets presented to the Lender contain adequate funding to comply with all of the recommendations.

16. WORKING CAPITAL ACCOUNT. The Borrower shall establish a Working Capital Account and deposit funds into said account monthly so that the minimum aggregate balance at any one time is equal to one month's revenue. Borrower shall maintain the Working Capital Account for the life of the loan. Proof of monthly deposits and maintained minimum balance shall be evidenced by Borrower submitting copies of monthly bank statements to the Lender.

17. REAL ESTATE TAX ACCOUNT. The Borrower shall establish a Real Estate Tax Account and deposit funds into said account monthly; deposits shall be equal to 1/12th of the annual tax payment due on the Property for each year. Borrower shall maintain the Real Estate Tax Account for the life of the loan. Proof of monthly deposits and maintained balance shall be evidenced by Borrower submitting copies of monthly bank statements to the Lender.

18. CAPITAL IMPROVEMENT RESERVE ACCOUNT. The Borrower shall establish a Capital Improvement Reserve Account for capital expenses and unanticipated contingencies. The Borrower is required to obtain the Lender's prior written approval for any

expenditure for any one capital expense or unanticipated contingency in excess of \$1,000.00, and for payment in any amount to a member or members of Borrower. The Borrower shall deposit funds into said account monthly so that the annual aggregate deposits total \$XX,XXX. Borrower shall continue to fund the Capital Improvement Reserve Account for the life of the loan. Proof of monthly deposits and maintained balance shall be evidenced by Borrower submitting copies of monthly bank statements to Lender.

19. PRIORITY REPAIRS RESERVE ACCOUNT. The Borrower shall establish a Priority Repairs Reserve Account at time of closing monies from the loan proceeds earmarked for Priority Repairs. The Lender's prior written approval is required for any expenditure for priority repair in excess of \$1,000.00, and for payment in any amount to a member or members of Borrower.

20. DISCLOSURE. The Borrower shall, upon request of the Lender, disclose and allow inspection by the Lender, at reasonable times and places, of the following: a disclosure or census of household incomes, the financial and member records of the Borrower, and anything related to the condition, operation, membership, finances, and legal matters of the Borrower or the Park.

21. LOWER INCOME. The Borrower's operating policies shall not inhibit or exclude low- and moderate-income people from becoming Cooperative members and from benefiting from membership. (Lower income households earn less than 80% of the median income of the area as published in the Federal Register. The Lender can provide these numbers.)

22. TREATMENT OF "RENTAL HOMES". Any "rental homes" owned by the Borrower shall be treated in the following manner:

The Borrower shall adopt and execute a plan for turning rental homes into homeownership opportunities; and

The Borrower shall honor the terms of any pre-existing rent-to-own agreements for rental homes, or the agreements shall be converted into traditional residential mortgages.

The net sales proceeds from the sale of any of the rental homes or rent-to-own agreements that are converted into traditional residential mortgages shall either be used by the Borrower to prepay the principal on the Note, or deposited in the Capital Improvement Reserve Account, at the Lender's discretion.

23. INFILL PLAN. In the event of a vacant lot(s) in the Park, Borrower shall agree to participate in an Infill Training session as recommended by Lender. The Borrower agrees to create, and update as necessary, an infill plan that inventories the vacant lot(s) and a plan to make the lots revenue producing. The plan shall be provided to the Lender.

24. CONDUCT OF COOPERATIVE BUSINESS. The Borrower shall conduct business in accordance with all applicable federal, state, and local laws, including but not limited to the applicable provisions of NH RSA 205-A and 301-A, and the International Cooperative Alliance Principles, a copy of which are attached to the Borrower's bylaws and incorporated herein by reference. All bylaw and rule amendments shall be approved by the membership. The Borrower

shall provide to the Lender copies of all policies, rules, or bylaws under which it operates as well as any amendments thereto as required by Paragraph 9 above. Any policy, rule or bylaw or the procedure utilized by the Borrower to adopt or amend the same, that is determined by the Lender, in its sole discretion, to be contrary to the substance or spirit of the International Cooperative Alliance Principles or is in violation of any federal, state, or local law, regulation or ordinance, or which the Lender in its sole discretion believes is a material adverse change in the affairs of the Borrower (financial or otherwise), shall be deemed an Event of Default. At all times, the Borrower shall maintain minutes and records to evidence the process for adoption or amendment of bylaws, policies, or rules, and shall provide those records promptly to the Lender as required in Paragraph 11 herein. Borrower shall at all times, fairly and equitably enforce all rules of the community. The Board shall pursue any and all rent delinquencies and may not waive payment of delinquencies or stop any collection actions without the prior written approval of the Lender. No board member or board member's father, mother, stepparent, child, stepchild, sibling, spouse, grandparent shall be compensated or receive any financial remuneration for service on the Board of Directors or as an employee or contractor.

25. WARRANTY. The Borrower warrants that it is a New Hampshire consumer cooperative corporation in good standing with the New Hampshire Secretary of State, it has the legal capacity to execute this LOAN AGREEMENT and any related documents, and to enter into the transactions contemplated by their terms. The Borrower warrants that all such documents and transactions have been duly authorized and constitute valid and legally binding obligations of the Borrower and do not violate any existing legal or contractual obligations of the Borrower. The Borrower further warrants that it shall comply with all of its Articles of Incorporation and By-Laws.

26. EVENTS OF DEFAULT/NO WAIVER. Any breach of this LOAN AGREEMENT shall be an Event of Default, and if not remedied within any applicable cure period and to the satisfaction of the Lender, shall cause the funds so loaned to become due and payable on demand, and the Lender may apply the Default Interest Rate as specified in the Note. The Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by the Lender. No delay or omission on the part of the Lender in exercising any right shall operate as a waiver of such right. A waiver by the Lender of a provision of this Agreement shall not prejudice or constitute a waiver of the Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. Whenever the consent of the Lender is required under this Agreement, the granting of such consent in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of the Lender.

27. SEVERABILITY. If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

28. INDEMNIFICATION. The Borrower shall indemnify, defend and hold the Lender and its directors, officers, employees, agents and attorneys (each as an "Indemnitee") harmless of and from any claim brought or threatened against any Indemnitee by the Borrower or

any other person (as well as reasonable attorney's fees and expenses in connection therewith) on account of the Lender's relationship with the Borrower (which may be defended, compromised, settled or pursued by the Lender with counsel of the Lender's election, but at the expense of the Borrower), except for any claim arising out of the gross negligence or willful misconduct of the Lender. The within indemnification shall survive payment of the amounts due under the Note signed on near or even date herewith, as originally executed or thereafter modified, and/or any termination, release or discharge executed by the Lender in favor of the Borrower.

29. This **LOAN AGREEMENT** shall be governed by the laws of the State of New Hampshire.

IN WITNESS WHEREOF, Borrower and Lender have issued this **LOAN AGREEMENT** to be executed May 18, 2023

Happy Go Lucky Cooperative, Inc.

New Hampshire Community Loan Fund, Inc.

By: _____
Name: Suzy Creamcheese
Title: President
Duly Authorized

By: _____
Name: Christopher Clasby
Title: Director of Acquisitions & ROC Lending
Duly Authorized

By: _____
Name: Joey Bagadonuts
Title: Treasurer
Duly Authorized

Attested by: _____

Attested by: _____