

SECURITY/PLEDGE AGREEMENT

THIS SECURITY/PLEDGE AGREEMENT (this “Agreement”), dated as of December 17, 2020 is entered into by and between 201 MAIN STREET FINANCING CORP., a New Hampshire nonprofit corporation (“Borrower”), and CITY OF NASHUA, a New Hampshire municipal corporation (“Borrower”).

RECITALS

A. Borrower has requested that Lender provide a loan (the “Loan”) in the aggregate original principal amount of \$7,108,850.00.

B. Concurrently with the execution of this Agreement, Lender and Borrower are entering into that certain Loan Agreement (as the same may be amended, assigned, restated, modified, or supplemented from time to time, the “Loan Agreement”), pursuant to which Lender agreed to make the Loan.

C. Concurrently with the execution of this Agreement, Borrower is executing and delivering to Lender that certain Promissory Note for the original principal amount of \$7,108,850.00. (as the same may be amended, assigned, restated, modified, or supplemented from time to time, the “Note”). The Note evidences the Loan.

D. Borrower is the record and beneficial owner of the Pledged Collateral (defined below).

E. As security for the payment and performance of Borrower’s Obligations (defined below), Lender is requiring that Borrower execute and deliver this Agreement and grant the security interest contemplated hereby.

NOW, THEREFORE, in consideration of the promises and the covenants hereinafter contained, and to induce Lender to make the Loan under the Loan Agreement, it is agreed as follows:

1. Definitions. All capitalized terms listed in the introductory paragraph and Recitals to this Agreement have the meanings assigned to them therein, and all capitalized terms not otherwise expressly defined herein have the meanings assigned to them in the Loan Agreement. In addition, the following terms have the following meanings in this Agreement:

- (a) “Agreement” has the meaning set forth in the preamble hereto.
- (b) “Borrower” has the meaning set forth in the preamble hereto.
- (c) “Lender” has the meaning set forth in the preamble hereto.
- (d) “Loan” has the meaning set forth in the Recitals.
- (e) “Loan Agreement” has the meaning set forth in the Recitals.

(f) “Loan Documents” means, collectively, this Agreement, the Note, the Loan Agreement, and all other documents that evidence, secure and govern the Loan, as the same may be amended, modified, extended or restated from time to time.

(g) “New Hampshire LLC Act” means the New Hampshire Revised Limited Liability Company Act, as may be amended or restated from time to time.

(h) “Note” has the meaning set forth in the Recitals.

(i) “Obligations” means all of the indebtedness and all other obligations of Borrower under the Note and the other Loan Documents.

(j) “Permitted Liens” has the meaning set forth in Section 4(b).

(k) “Pledged Collateral” has the meaning set forth in Section 2.

(l) “Securities Act” has the meaning set forth in Section 8(e).

2. Pledge. Borrower hereby pledges to Lender and grants to Lender, a first position security interest in all of the following (collectively, the “Pledged Collateral”):

all rights of Borrower pursuant to the Fund Loan Documents (as defined in the Loan Agreement) including without limitation all rights of Borrower pursuant to the Fund Loan Pledge Agreement (as defined in the Loan Agreement) and the Fund Loan Note (as defined in the Loan Agreement”), together with all proceeds of any of the foregoing;

3. Collateral

(a) *Security for the Obligations*. This Agreement secures, and the Pledged Collateral is security for, the prompt payment and performance of the Obligations. The collateral assignment evidenced by this Agreement is a continuing one and is irrevocable so long as any of the Obligations are outstanding or Borrower shall have any obligations under the Note and shall terminate only in accordance with Section 11.

(b) *Delivery of Pledged Collateral*. All certificates or other instruments representing or evidencing the Pledged Collateral, if any, shall be delivered to Lender at such time as Lender shall reasonably request, shall be accompanied by duly executed instruments of transfer or assignment in blank, including a duly executed assignment in blank, substantially in the form attached hereto as Exhibit A, all in form and substance reasonably satisfactory to Lender.

4. Representations and Warranties. Borrower represents and warrants to Lender that as of the Effective Date:

(a) Borrower is duly organized or formed, validly existing and in good standing under the laws of the State of New Hampshire, has the legal power and authority to own its assets and to carry on its business as now being and hereafter proposed to be conducted. Borrower is duly qualified and authorized to do business in each jurisdiction in which it is legally required to do so.

(b) Borrower is the sole holder of record and the sole beneficial owner of the Pledged Collateral, free and clear of any lien, charge or encumbrance thereon or affecting the title thereto, except for any liens created by this Agreement (collectively, the “Permitted Liens”).

(c) Borrower has the right and requisite authority to pledge the Pledged Collateral to Lender, as provided herein.

(d) None of the Pledged Collateral is, as of the Effective Date, margin stock, and Borrower shall, promptly after learning thereof, notify Lender of any Pledged Collateral which is or becomes margin stock and execute and deliver in favor of Lender any and all instruments, documents and agreements (including, but not limited to Forms U-1) necessary to cause the pledge of such margin stock to comply with all applicable laws, rules and regulations.

(e) Except as have already been obtained as of the Effective Date, no consent, approval, authorization or other order of any Person and no consent, authorization, approval, or other action by, and no notice to or filing with, any governmental departments, commissions, boards, bureaus, agencies or other instrumentalities, domestic or foreign, is required to be made or obtained by Borrower either (i) for the pledge of the Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by Borrower or (ii) for the exercise by Lender of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement.

(f) The pledge of the Pledged Collateral to Lender pursuant to this Agreement will create a valid lien on and a security interest in the Pledged Collateral, and the proceeds thereof, securing the payment of the Obligations, subject only to Permitted Liens.

(g) The Pledged Collateral is not certificated.

(h) This Agreement has been duly authorized, executed, and delivered by Borrower and constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms.

(i) The only assets of Borrower are the Pledged Collateral and other assets incidental thereto.

(j) Borrower has no indebtedness other than the Loan and as may additionally be provided for in Section 4.5 of the Loan Agreement.

(k) The representations and warranties set forth in this Section 4 shall survive the execution and delivery of this Agreement.

5. Covenants. Borrower covenants and agrees that until the satisfaction in full of the Obligations:

(a) Without the prior written consent of Lender, Borrower will not sell, assign, transfer (whether by direct assignment, merger, consolidation, conversion transaction or otherwise), pledge, or otherwise encumber any of its rights in or to any of the Pledged Collateral or any dividends or other distributions or payments with respect thereto or grant a lien, charge,

encumbrance or security interest on any thereof, except for (i) Permitted Liens and/or (ii) as permitted in this Agreement, the Loan Agreement (including, without limitation, Section 4.1 of the Loan Agreement).

(b) Borrower will, at its expense, promptly execute, acknowledge and deliver all such instruments and take all such action as Lender from time to time may reasonably request in order to ensure to Lender the benefits of the liens and security interests in and to the Pledged Collateral intended to be created by this Agreement, including the delivery of all certificates and other documentation, evidencing any of the Pledged Collateral and the filing of any necessary Uniform Commercial Code financing statements, which may be filed by Lender without the signature of Borrower.

(c) Borrower will defend the title to the Pledged Collateral and the liens of Lender, for the benefit of Lender against the claim of any Person and will maintain and preserve such liens until the payment in full of the Obligations.

(d) Borrower will not allow the Pledged Collateral to become certificated without the prior written consent of Lender.

(e) Borrower shall have no indebtedness other than the Loan and as may additionally be provided for in Section 4.5 of the Loan Agreement.

6. [Reserved.]

7. Defaults and Remedies. Upon the occurrence and continuance of an Event of Default, then or at any time after such declaration and following written notice to Borrower, Lender is hereby authorized and empowered to do any and all of the following in a commercially reasonable manner, subject to all provisions of the Fund Loan Documents:

(a) transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral;

(b) collect and receive all cash dividends and other distributions made with respect to the CDE Interest; and

(c) sell in one or more sales after 10 calendar days' written notice is sent by Lender of the time and place of any public sale or of the time after which a private sale is to take place (which notice Borrower agrees is commercially reasonable), but without any previous notice or advertisement, the whole or any part of the Pledged Collateral and to otherwise act with respect to the Pledged Collateral as though Lender were the outright owner thereof; *provided, however*, Lender shall not have any duty to exercise any such right of sale or to preserve the same and shall not be liable for any failure to do so or for any delay in doing so.

8. Sale of Pledged Collateral.

(a) Any sale of the whole or any part of the Pledged Collateral in accordance with Section 7(e) shall be made at a public or private sale at Lender's place of business, or at any public building to be named in the notice of sale, either for cash or upon credit or for future

delivery at such price as Lender may deem fair and reasonable, and Lender may be the purchaser of the whole or any part of the Pledged Collateral so sold and hold the same thereafter in its own right free from any claim of Borrower or any right of redemption. Each sale shall be made to the highest bidder, but Lender reserves the right to reject any and all bids at such sale which, in its discretion, it shall deem inadequate. Demands of performance, notices of sale, advertisements and the presence of property at sale are hereby waived and any sale hereunder may be conducted by an auctioneer or any officer or agent of Lender.

(b) If, at the original time or times appointed for the sale of the whole or any part of the Pledged Collateral, the highest bid, if there be but one sale, shall be inadequate to discharge in full all the Obligations, or if the Pledged Collateral be offered for sale in lots, if at any of such sales, the highest bid for the lot offered for sale would indicate to Lender, in its discretion, the unlikelihood of the proceeds of the sales of the whole of the Pledged Collateral being sufficient to discharge all the Obligations, Lender may, on one or more occasions and in its discretion, postpone any of said sales by public announcement at the time of sale, and no other notice of such postponement or postponements of sale need be given, any other notice being hereby waived; *provided, however*, that any sale or sales made after such postponement shall be after 10 calendar days' notice to Borrower.

(c) In the event of any sale of the whole or any part of the Pledged Collateral, Lender shall, after deducting all reasonable costs or expenses of every kind (including reasonable attorneys' fees and disbursements) for care, safekeeping, collection, sale, delivery or otherwise, apply the residue of the proceeds of the sales to the payment or reduction, either in whole or in part, of the Obligations.

(d) In the event that it becomes necessary to comply with any federal or state law or regulation or to make or file any registration thereunder in order for Lender to exercise any of its rights hereunder, Borrower expressly agrees to do or cause to be done all acts and prepare and execute all documents necessary to effect such compliance or registration, and to bear all reasonable costs in connection therewith.

(e) If, at any time when Lender shall determine to exercise its right to sell the whole or any part of the Pledged Collateral, and such Pledged Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act of 1933 (as amended from time to time, the "Securities Act"), then Lender may, in its discretion (subject only to the requirements of applicable law), sell such Pledged Collateral or part thereof by private sale in such manner and under such circumstances as is commercially reasonable and shall not be required to effect such registration or to cause the same to be effected; *provided, however*, that Lender agrees and shall cause any purchaser of Pledged Collateral to agree that Borrower shall (x) not be liable to any purchaser of Pledged Collateral for any action taken or omitted to be taken by Lender in connection with the sale of Pledged Collateral, and (y) not be responsible in any manner to any purchaser of Pledged Collateral for any statement, representation or warranty made by Lender in connection with the sale of Pledged Collateral. Without limiting the generality of the foregoing, in any such event Lender in its discretion may:

(i) in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering

such Pledged Collateral or part thereof could be or shall have been filed under said Securities Act (or similar statute);

(ii) approach and negotiate with a single possible purchaser to effect such sale; and

(iii) restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Pledged Collateral or part thereof.

(f) In addition to a private sale as provided in Section 7(e) and this Section 8, if any of the Pledged Collateral shall not be freely distributable to the public without registration under the Securities Act (or similar statute) at the time of any proposed sale pursuant to Section 7(e) and this Section 8, then Lender shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions:

(i) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale;

(ii) as to the content of legends to be placed upon any certificates representing the Pledged Collateral sold in such sale, including restrictions on future transfer thereof;

(iii) as to the representations required to be made by each Person bidding or purchasing at such sale relating to that Person's access to financial information about any issuer of the Pledged Collateral and such Person's intentions as to the holding of the Pledged Collateral so sold for investment, for its own account, and not with a view to the distribution thereof; and

(iv) as to such other matters as Lender may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Uniform Commercial Code and other laws affecting the enforcement of creditors' rights and the Securities Act and all applicable state securities laws.

(g) Borrower recognizes that Lender may be unable to effect a public sale of the whole or any part of the Pledged Collateral and may be compelled to resort to one or more private sales thereof. Borrower also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale. Borrower agrees that such sale shall not be deemed to have been made in a commercially unreasonable manner because it was conducted as a private sale. Lender shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the registrant to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if Borrower would agree to do so.

(h) Borrower further agrees that a breach of any of the covenants contained in this Section 8 will cause irreparable injury to Lender, that Lender has no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in

this Section 8 shall be specifically enforceable against Borrower, and Borrower hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that Lender's rights are subject to Section 5.3 of the Loan Agreement or that the Obligations are not then due and payable in accordance with the agreements and instruments governing and evidencing such Obligations.

(i) The rights and remedies of Lender under this Agreement shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. In exercising such rights and remedies, Lender may be selective, and no failure or delay or forbearance under Section 5.3 of the Loan Agreement or otherwise by Lender in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

9. Forbearance. Notwithstanding any provision in this Agreement to the contrary, the rights and remedies of Lender are subject in all respects to the provisions of the Fund Loan Documents, and nothing in this Agreement shall be deemed to authorize or empower Lender to take any action or exercise any right or remedy that is inconsistent with such provisions.

10. Waiver. No delay or forbearance under Section 5.3 of the Loan Agreement or otherwise on Lender's part in exercising any power of sale, lien, option or other right hereunder, and no notice or demand which may be given to or made upon Borrower by Lender with respect to any power of sale, lien, option or other right hereunder, shall constitute a waiver thereof, or limit or impair Lender's right to take any action or to exercise any power of sale, lien, option, or any other right hereunder, without notice or demand, or prejudice Lender's rights as against Borrower in any respect.

11. Termination. Subject to Section 14, this Agreement shall terminate and be of no further force or effect at such time as the Obligations shall have been irrevocably paid and performed in full. Upon such payment and performance in full of the Obligations, Lender shall deliver to Borrower the Pledged Collateral at the time subject to this Agreement and then in Lender's possession or control and all instruments of assignment executed in connection therewith, free and clear of the liens hereof and, except as otherwise provided herein, all of Borrower's obligations hereunder shall at such time terminate.

12. Lien Absolute. All rights of Lender hereunder, and the Obligations of Borrower hereunder, shall be absolute and unconditional without regard to:

(a) any lack of validity or enforceability of the Loan Agreement, the Notes, any other Loan Document or any other agreement or instrument governing or evidencing any Obligations or any of Borrower's Obligations;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any part of Borrower's Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, the Notes, any other Loan Document or any other agreement or instrument governing or evidencing Borrower's Obligations; or

(c) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of Borrower's Obligations.

13. Release. Except as specifically provided for in any other Loan Document, Borrower hereby waives notice of acceptance of this Agreement, and also presentment, demand, protest and notice of dishonor of all or any of Borrower's Obligations, and promptness in commencing suit against any party hereto or liable hereon, and in giving any notice to or of making any claim or demand hereunder upon Borrower. Borrower consents and agrees that Lender may at any time, or from time to time, in its discretion exchange, release and/or surrender all or any of the Pledged Collateral and/or any other collateral for the Loan, or any part thereof, by whomsoever deposited, which is now or may hereafter be held by Lender in connection with all or any of the Obligations; all in such manner and upon such terms as Lender may deem proper, and without notice to or further assent from Borrower, it being hereby agreed that Borrower shall be and remain bound upon this Agreement, without regard to the value or condition of any of the Pledged Collateral or other collateral for the Loan, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Loan Agreement, or any other agreement governing any Obligations. No act or omission of any kind on Lender's part shall in any event affect or impair this Agreement.

14. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made.

15. [RESERVED.]

16. Lender Liability. Neither Lender, nor any of its respective officers, directors, employees, agents or counsel shall be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own fraud, gross negligence, or willful misconduct.

17. Lender Assignment or Transfer. Section 5.4 of the Loan Agreement is incorporated herein by reference.

18. Miscellaneous. The following conditions shall be applicable throughout the term of this Agreement:

(a) *No Waiver*. Section 6.1 of the Loan Agreement is incorporated herein by reference.

(b) *Notices*. Section 6.2 and Schedule A of the Loan Agreement are incorporated herein by reference.

(c) *Entire Agreement; No Oral Amendments.* This Agreement and the exhibit attached hereto, together with the other Loan Documents, constitutes the entire agreement by and between Lender and Borrower (and any Affiliates of Borrower) and supersedes all agreements previously made between the parties relating to its subject matter. There are no other understandings or agreements between them relating to such subject matter. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such change, waiver, discharge or termination is sought.

(d) *No Partnership.* Section 6.5 of the Loan Agreement is incorporated herein by reference.

(e) *Binding Effect; Continuing Agreement.* Section 6.8 of the Loan Agreement is incorporated herein by reference

(f) *Headings.* Section 6.9 of the Loan Agreement is incorporated herein by reference.

(g) *CHOICE OF LAW; WAIVER OF JURY TRIAL AND CERTAIN OTHER RIGHTS; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.* Section 6.10 of the Loan Agreement is incorporated herein by reference.

(h) *Intentionally Omitted.*

(i) *Enforcement Costs.* Section 6.12 of the Loan Agreement is incorporated herein by reference.

(j) *Duration of Agreement.* Section 6.13 of the Loan Agreement is incorporated herein by reference.

(k) *Interpretation of Agreement.* Section 6.14 of the Loan Agreement is incorporated herein by reference.

(l) *Severability.* If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law. Notwithstanding the foregoing, to the extent (i) Section 5.3 of the Loan Agreement is incorporated herein by reference or (ii) any provision hereof is made subject to Section 5.3 of the Loan Agreement, such provisions shall be deemed integral to this Agreement and shall not be severable from the remainder of this Agreement.

(m) *Time of the Essence.* Subject to Section 5.3 of the Loan Agreement, time shall be of the essence with respect to all or any of Borrower's Obligations.

(n) *Counterparts.* Section 6.17 of the Loan Agreement is incorporated herein by reference.

[REMAINDER OF PAGE BLANK; SIGNATURE PAGES TO FOLLOW.]

COUNTERPART SIGNATURE PAGE

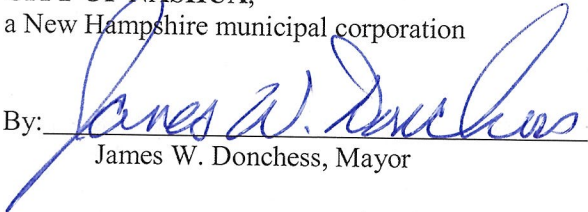
TO

SECURITY/PLEDGE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused the above-referenced document to be executed by their respective duly authorized signatories as of the day and year written above.

CITY OF NASHUA,
a New Hampshire municipal corporation

By: _____


James W. Donchess, Mayor

COUNTERPART SIGNATURE PAGE

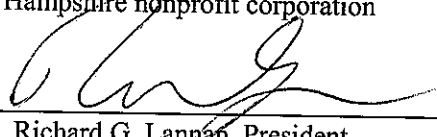
TO

SECURITY/PLEDGE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused the above-referenced document to be executed by their respective duly authorized signatories as of the day and year written above.

201 MAIN STREET FINANCING CORP.
a New Hampshire nonprofit corporation

By: _____


Richard G. Lannan, President