

COMMERCIAL LOAN AGREEMENT
Single Advance Loan

DATE AND PARTIES. The date of this Commercial Loan Agreement (Agreement) is _____ . The parties and their addresses are as follows:

LENDER:

BROADWATER COUNTY
515 Broadway
Townsend, MT 59644

BORROWER:

BROADWATER COUNTY SOLID WASTE DISTRICT
515 Broadway
Townsend, MT 59644

1. DEFINITIONS. For the purposes of this Agreement, the following terms have the following meanings.

A. Accounting terms. In this Agreement, any accounting terms that are not specifically defined will have their customary meanings under generally accepted accounting principals.

B. Loan. Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction.

C. Loan Documents. Loan Documents refer to all the documents executed as a part or in connection with the Loan.

D. Pronouns. The pronouns “I”, “me”, and “my” refer to every Borrower signing this Agreement and each other person or legal entity (including guarantors, endorsers, and sureties) who agree to pay this Agreement. “You” and “your” refers to the Loan’s lender, any participants or syndicators, successors and assigns, or any person or company that acquires an interest in the loan.

E. Property. Property is any property, real, personal or intangible, that secures my performance of the obligations of this Loan.

2. SINGLE ADVANCE. In accordance with the terms of this Agreement and other Loan Documents, you will provide me with a term note in the amount of \$276,481 (Principal). I will receive the funds from this Loan in one advance. No additional advances are contemplated, except those made to protect and preserve your interests as provided in this Agreement or other Loan Documents.

3. DEMAND. I agree to fully repay the Loan on demand, but if no demand is made, I will make yearly payments of \$40,080 beginning on _____ , and on the same date each year thereafter. A single “balloon payment” of the entire unpaid balance of Principal and interest will be due _____ .

4. WARRANTIES AND REPRESENTATIONS. I represent and warrant that I have the right and authority to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing me or to which I am a party.

A. Loan Purpose. The purpose of this Loan is for the Solid Waste Department to fund their deficit and build a capital improvement program.

B. No Other Liens. I own or lease all property that I need to conduct my business and activities. I have good and marketable title to all property that I own or lease. All my property is free and clear of all liens, security interests, encumbrances and other adverse claims and interests, except those to you or those you consent to in writing.

C. Compliance with Laws. I am not violating any laws, regulations, rules, orders, judgments or decrees applicable to me or my property, except for those which I am challenging in good faith through proper proceedings after providing adequate reserve to fully pay the claim and its challenge should I lose.

5. FINANCIAL STATEMENTS. I will prepare and maintain my financial records using consistently applied generally accepted accounting principles then in effect. I will provide you with financial information in a form that you accept and under the following terms.

A. Certification. I represent and warrant that any financial statements that I provide you fairly represents my financial condition for the stated periods, is current, complete, true and accurate in all material respects, includes all of my direct or contingent liabilities and there has been no material adverse change in my financial condition, operations or business since the date the financial information was prepared.

B. Frequency. I will provide to you on an annual basis my financial statements, tax returns, annual internal audit reports or those prepared by independent accountants as soon as available or at least within 60 days after the close of each of my fiscal years. Any annual financial statements that I provide you will be audited statements.

C. Requested Information. I will provide you with any other information about my operations, financial affairs and condition within 60 days after your request.

6. COVENANTS. Until the Loan and all related debts, liabilities and obligations are paid and discharged, I will comply with the following terms, unless you waive compliance in writing.

A. Participation. I consent to you participating or syndicating the Loan and sharing any information that you decide is necessary about me and the Loan with the other participants or syndicators.

B. Inspection. Following your written request, I will immediately pay for all one-time and recurring out-of-pocket costs that are related to the inspection of my records, business or Property that secures the Loan. Upon reasonable notice, I will permit you or your agents to enter any of my premises and any location where my Property is located during regular business hours to do the following:

- (1) You may inspect, audit, check, review and obtain copies from my books, records, journals, orders, receipts and any other correspondence and any business related data.

(2) You may discuss my affairs, finances and business with any one who provides you with evidence that they are a creditor of mine, the sufficiency of which will be subject to your sole discretion.

(3) You may inspect my Property, audit for the use and disposition of the Property's proceeds and proceeds of proceeds; or do whatever you decide is necessary to preserve and protect the Property and your interest in the Property.

After prior notice to me, you may discuss my financial condition and business operations with my independent accountants, if any, or my chief financial officer and I may be present during these discussions. As long as the Loan is outstanding, I will direct all of my accountants and auditors to permit you to examine my records in their possession and to make copies of these records. You will use your best efforts to maintain the confidentiality of the information you or your agents obtain, except you may provide you regulator, if any, with required information about my financial condition, operation and business or that of my parent, subsidiaries or affiliates.

C. Business Requirements. I will preserve and maintain my present existence and good standing in the jurisdiction where I'm organized an all of my rights, privileges and franchises. I will do all that is needed or required to continue my business or activities as presently conducted, by obtaining licenses, permits and bonds everywhere I engage in business or activities or own, lease or locate my property. I will obtain your prior written consent before I cease my business or before I engage in any new line of business that is materially different from my present business.

D. Compliance with Laws. I will not violate any laws, regulations, rules, orders, judgments or decrees applicable to me or my Property, except for those which I challenge in good faith through proper proceedings after providing adequate reserves to fully pay the claim and its appeal should I lose. Laws include without limitation the federal Fair Labor Standards Act requirements for producing goods, the Federal Employee Retirement Income Security Act of 1974's requirements for the establishment, funding and management of qualified deferred compensation plan for employees, health and safety laws, environmental laws, tax laws, licensing and permit laws. On your request, I will provide you with written evidence that I have fully and timely paid my taxes, assessments and other governmental charges levied or imposed on my, my income, or profits and my property. Taxes include without limitation sales taxes, use taxes, personal property taxes, documentary stamp taxes, recordation taxes, franchise taxes, income taxes, withholding taxes, FICA taxes and unemployment taxes. I will adequately provide for the payment of these taxes, assessments and other charges that have accrued but are not yet due and payable.

E. Other Liabilities. I will not incur, assume or permit any debt evidenced by notes, bonds or similar obligations, except: debt in existence on the date of this Agreement and fully disclosed to you; debt subordinated in payment to you on conditions and terms acceptable to you; accounts payable incurred in the ordinary course of my business and paid under customary trade terms or contested in good faith with reserves satisfactory to you.

F. Notice to You. I will promptly notify you of any material change in my financial conditions, of the occurrence of a default under the terms of this Agreement or any other Loan

Document, or a default by me under any agreement between me and any third party which materially and adversely affects my property, operations, financial condition or business.

G. Dispose of No Assets. Without your prior written consent or as the Loan Documents permit, I will not sell, lease, assign, transfer, dispose of or otherwise distribute all or substantially all of my assets to any person other than the ordinary course of business for the assets depreciated book value or more.

H. Insurance. I will obtain and maintain insurance with insurers, in amounts and coverages that are acceptable to you and customary with industry practice. This may include without limitation insurance policies for public liability, fire, hazard and extended risk, workers compensation, and at your request, business interruption and/or rent loss insurance. At your request, I will deliver to you certified copies of all these insurance policies, binders or certificates. I will obtain and maintain a mortgage clause (or lender loss payable clause) endorsement – naming you as the loss payee. If you require, I will also obtain an “additional insured” endorsement – naming you as the additional insured. I will immediately notify you of cancellation or termination of insurance. I will require all insurance policies to provide you with at least 10 days prior written notice to you of cancellation or modification. I consent to you using or disclosing information relative to any contract of insurance required by the Loan for the purpose of replacing this insurance. I also authorize my insurer and you to exchange all relevant information related to any contract of insurance required by any document executed as part of this Loan.

I. Property Maintenance. I will keep all tangible and intangible property that I consider necessary or useful in my business in good working condition by making all needed repairs, replacements and improvements and by making all rental, lease or other payments due on this property.

J. Property Loss. I will immediately notify you, and the insurance company when appropriate, of any material casualty, loss or depreciation to the property or to my other property that affects my business.

K. Additional Taxes. I will pay all filing and recording costs and fees, including any recordation, documentary or transfer taxes or stamps, that are required to be paid with respect to this Loan and any Loan Document.

L. Additional Covenants. Maximum funding for this loan is \$276,481.

7. DEFAULT. I understand that you may demand payment anytime at your discretion. For example, you may demand payment in full if any of the following events (known separately and collectively as an Event or Default) occur:

A. Payments. I fail to make a payment in full when due.

B. Insolvency or Bankruptcy. The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me or any co-signer, endorser, surety or guarantor of this Agreement or any other obligations I have with you.

C. Failure to Perform. I fail to perform any condition or to keep any promise or covenant of this Agreement.

D. Other Documents. I am in default on any other debt or agreement I have with you.

E. Other Agreements. I am in default on any other debt or agreement I have with you.

F. Misrepresentations. I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.

G. Judgment. I fail to satisfy or appeal any judgment against me.

H. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

I. Name Change. I change my name or assume an additional name without notifying you before making such a change.

J. Property Transfer. I transfer all or a substantial part of my money or property.

K. Property Value. You determine in good faith that the value of the Property has declined or is impaired.

L. Insecurity. You determine in good faith that a material adverse change has occurred in my financial condition from the conditions set forth in my most recent financial statement before the date of this Agreement or that the prospect for payment or performance of the Loan is impaired for any reason.

8. REMEDIES. After I default, you may at your option do any one or more of the following.

A. Acceleration. You may make all or any part of the amount owing by the terms of the loan immediately due. If I am a debtor in a bankruptcy petition or in an application filed under section 5(a)(3) of the Securities Investor Protection Act, the Loan is automatically accelerated and immediately due and payable without notice or demand upon filing of the petition or application.

B. Sources. You may use any and all remedies you have under state or federal law or in any Loan Document.

C. Insurance Benefits. You may make a claim for any and all insurance benefits or refunds that may be available on my default.

D. Waiver. Except as otherwise required by law, by choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

9. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after the occurrence of an Event of Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this agreement or any other Loan Document. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of this Loan. All fees and expenses will be secured by the Property I have granted to you, if any. If litigation becomes necessary, each party will pay their own attorney fees and litigation expenses.

10. APPLICABLE LAW. This Agreement is governed by the laws of Montana, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent where such state laws are preempted by federal law.

11. JOINT AND SEVERAL LIABILITY AND SUCCESSORS. My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the Loan or new obligations under the Loan, will not affect my duty under the Loan and I will still be obligated to pay the Loan. You may assign all or part of your rights or duties under this Agreement or the Loan Documents will benefit your successors or assigns. I may not assign this Agreement or any of my rights under it without your prior written consent. The duties of this Loan will bind my successors and assigns.

12. AMENDMENT, INTEGRATION AND SEVERABILITY. This Agreement may not be amended or modified by oral agreement. No amendment or modification of this Agreement is effective unless made in writing. This Agreement and the other Loan Documents are the complete and final expression of the understanding between you and me. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

13. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section heading are for convenience only and are not to be used to interpret or define the terms of this Agreement.

14. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed notice to all Borrowers. I will inform you in writing of any change in my name, address or other applicable information. I will provide you any correct and complete financial statements or other information you request. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

15. SIGNATURES. By signing, I agree to the terms contained in this Agreement. I also acknowledge receipt of a copy of this Agreement.

BORROWER:

Broadwater County Solid Waste

By: _____ Date: _____

LENDER:

Broadwater County

By: _____

Date: _____

By: _____

Date: _____

By: _____

Date: _____