

TERM PROMISSORY NOTE

\$283,500

**Falmouth, Maine
March __, 2014**

On or before June 30, 2019 (the "Maturity Date"), the undersigned, **Falmouth Memorial Library Association**, a Maine non-profit corporation, with a mailing address of 5 Lunt Road, Falmouth, Maine 04105 (the "Maker"), promises to pay to the order of **Town of Falmouth, Maine** a body corporate and politic with a mailing address of 271 Falmouth Road, Falmouth, Maine 04105 (hereinafter called "Holder"), its successors and assigns, the principal sum of **Two Hundred Eighty Three Thousand Five Hundred Dollars (\$283,500)**, or so much thereof as may be outstanding at the time this obligation becomes due and payable (whether upon acceleration following an Event of Default, on the Maturity Date or otherwise), together with interest and other charges as hereinafter provided. Except as specifically provided herein, Maker shall not be obligated to pay interest on the principal balance hereof.

In the absence of prior demand by Holder following an Event of Default, Maker shall make a payment of all unpaid principal, interest, and any other charges due and payable hereunder on the Maturity Date. In the event that the Maker pays not less than Two Hundred Fifty Thousand Dollars (\$250,000) on or before June 30, 2017, then the Maker's obligations hereunder shall be deemed fully satisfied and the Holder shall cancel and forever discharge the Maker from any further liability hereunder. All payments made by the Maker shall be made with monies which the Maker has received from sources other than the Holder. The Holder may refuse to accept and apply to the principal balance owed hereunder any payment which it reasonably believes to be derived from funding provided by the Holder, provided that nothing in this Note is intended to preclude the Maker from paying any amounts owed under this Note through funds made available to the Maker as a result of a public referendum vote on the renovation and/or expansion of the Maker's facility

Any installment of principal delinquent for 10 days or more is subject to a late charge in an amount equal to seven percent (7%) of such delinquency in addition to any other sums due under this Note.

Upon any default arising under this Note or under any of the loan documents governing or securing this Note, which is not cured within any applicable grace period, and at the discretion of the Holder with or without notice to the Maker, a default rate of interest equal to seven percent (7%) per annum may apply to all interest accruing after any such default, whether before or after the Maturity Date, until such default is cured.

The failure by the holder of this Note to collect any such late charge or to impose a default rate of interest on one occasion shall not be deemed a waiver by the holder of this Note of its right to collect late charges or to collect such charges in any other instance involving a late payment hereunder, or to impose a default rate of interest in any other instance.

Payments by Maker shall be made to the Holder at the address listed above, or such other address as the Holder or other holder hereof shall notify the Maker in writing, in United States

Dollars. Payments made by the Maker shall be first applied to accrued and unpaid interest, next to principal, and the balance, if any, to and late charges and other fees then due and payable.

This note shall immediately become due and payable without notice or demand upon the occurrence of any of the following (each an "Event of Default") the commencement of any proceedings under any Bankruptcy or insolvency laws by the Maker or sixty (60) days following the commencement of any such proceedings against any Maker, and shall, at the holder's option, immediately become due and payable without notice or demand, upon or any time after (a) the dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, or assignment for the benefit of creditors by, any Maker if such proceedings have not been dismissed; or (b) default in any payment due hereunder which default continues for ten (10) days after such payment is due; or (c) default in the payment or performance of any other obligation of Maker to Holder (the "Obligations"), or of any covenant or liability contained or referred to in any note, instrument, document or agreement evidencing or securing any Obligations, or of any covenant or liability contained or referred to in any note, instrument, document or agreement evidencing or securing any Obligations; or (d) any warranty, representation or statement made or furnished to the holder by or on behalf of any Maker, that induced the holder to lend the Maker the funds evidenced by this Note, proving to have been materially false or erroneous in a material respect when made or furnished.

Maker hereby waives presentment, demand, protest, notice of dishonor and all notices and demands of every kind in connection with the delivery, acceptance, performance and enforcement of this Note; and further waives all recourse to suretyship and guarantorship defenses generally, including, but not limited to, any extension or extensions of time for payment or performance which may be granted to the Maker or to any other liable party, any defense based upon impairment of or recourse to any collateral for the Term Loan evidenced by this Note, any release of a party liable herefor, any release or exchange of security, and all other indulgences of any type which may be granted by the holder hereof to the Maker or any other party liable herefor. Maker also shall pay all reasonable out-of-pocket costs and expenses, including, without limitation, any reasonable attorneys' or paralegals' fees and disbursements, that may be incurred by the Holder or any subsequent holder of this Note in connection with any enforcement or collection of this Note or any security for this Note (including further attorney and paralegal fees in connection with any proceedings in the United States Bankruptcy Court), and any costs of collection, whether or not any foreclosure or other action is instituted by the Holder in its discretion.

If any obligation or a portion of this Note is determined to be invalid or unenforceable under applicable law, it shall not affect the validity or enforcement of the remaining obligations or portions hereof.

This Note fully and accurately documents the understanding between the Maker and the Holder. There are no implicit or oral understandings or agreements not fully and accurately set forth herein or in the other Loan Documents. It is understood and agreed that no officer or employee of Holder or any subsequent holder of this Note has any authority to modify, alter or amend this Note orally. Any and all changes to this Note must be in writing and must be

approved of, in writing, by the holder and any Maker of this Note. It is further understood and agreed that at no time will any oral agreement different from the terms of the Loan Documents be enforceable against any holder of this Note. NO PROMISE, CONTRACT OR AGREEMENT TO LEND MONEY, EXTEND CREDIT, FOREBEAR FROM COLLECTION OF A DEBT OR MAKE ANY OTHER ACCOMMODATION FOR THE REPAYMENT OF A DEBT FOR MORE THAN \$250,000 MAY BE ENFORCED IN COURT AGAINST A HOLDER UNLESS THE PROMISE, CONTRACT OR AGREEMENT IS IN WRITING AND SIGNED BY THE HOLDER. ACCORDINGLY, MAKER CANNOT ENFORCE ANY ORAL PROMISE UNLESS IT IS CONTAINED IN LOAN DOCUMENTS SIGNED BY THE HOLDER, NOR CAN ANY CHANGE, FORBEARANCE, OR OTHER ACCOMMODATION RELATING TO THE OBLIGATIONS, THE NOTES OR ANY OTHER OF THE LOAN DOCUMENTS BE ENFORCED, UNLESS IT IS IN WRITING AND SIGNED BY THE HOLDER. MAKER ALSO UNDERSTANDS AND AGREES THAT ALL FUTURE PROMISES, CONTRACTS OR AGREEMENTS OF THE HOLDER RELATING TO ANY OTHER TRANSACTION BETWEEN IT AND THE HOLDER CANNOT BE ENFORCED IN COURT UNLESS THEY ARE IN WRITING AND SIGNED BY THE HOLDER. BY EXECUTION OF THIS NOTE, MAKER HEREBY ACKNOWLEDGES AND AGREES THAT THE REQUIREMENT OF A WRITING DESCRIBED IN THIS PARAGRAPH SHALL APPLY TO THIS NOTE, THE OBLIGATIONS, THE LOAN DOCUMENTS, ANY EXTENSION, MODIFICATION, RENEWAL, FORBEARANCE OR OTHER ACCOMMODATION RELATING HERETO OR THERETO AND TO ANY OTHER CREDIT RELATIONSHIP BETWEEN MAKER AND THE HOLDER (WHETHER NOW EXISTING OR CREATED IN THE FUTURE), WHETHER OR NOT THE AMOUNT INVOLVED EXCEEDS \$250,000.

THE HOLDER AND THE MAKER FURTHER AGREE THAT NEITHER OF THEM, NOR ANY ASSIGNEE OR SUCCESSOR, SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT OR OTHER PROCEEDING IN CONNECTION WITH THIS NOTE, THE OTHER LOAN DOCUMENTS OR ANY DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG ANY OF THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE HOLDER AND THE MAKER, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE HOLDER NOR THE MAKER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

This Note evidences a loan for business or commercial purposes and not for personal, family or household uses. This Note shall be construed in all respects in accordance with, and governed by the laws of the State of Maine, without regard to conflict of law principles that would require the application of any other governing law. Maker submits to the jurisdiction of the courts of the State of Maine and the United States District Court for the District of Maine, and agrees that, at the Holder's option, all litigation under or relating to this Note shall be conducted in such courts, and the Maker consents to the jurisdiction and venue of any such court and waives any argument that venue in such forums is not convenient.

No delay or omission on the part of the holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note. No waiver of any right shall be effective unless in writing and signed by the holder nor shall a waiver on one occasion be construed as a bar to or waiver of any such right on any future occasion.

Maker waives presentment, demand, notice, protest, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note, and assents to any extension or postponement of the time of payment or any other indulgence under this Note or to any substitution, exchange or release of collateral, and to the addition or release of any other Maker.

IN WITNESS WHEREOF this Term Note has been executed as a sealed instrument on the date above written.

Witness:

FALMOUTH MEMORIAL LIBRARY
ASSOCIATION

By: _____
Name:
Its: