



Skowhegan Savings

May 22, 2014

Paul Blouin
513 Western Ave
Augusta, ME 04330

Dear Mr. Blouin:

We are pleased to advise you that we have approved your request for a commercial loan. The terms and conditions of this commitment are set forth below and/or contained in the loan documents. This letter is intended for your use alone, and no one else is entitled to rely upon, or derive any legal rights from, this commitment.

Lender: Skowhegan Savings Bank (hereinafter referred to as the "Bank").

Borrower: Paul Blouin

Guarantor: The loan will be unconditionally guaranteed by, Precision Motors, Inc. jointly and severally. The Bank reserves the right to require collateral from the Guarantor's to secure the guarantee.

Purpose: Construction funds for an addition to building.

Authority to Act: The Borrower and the Guarantors shall provide all evidence of its organization, existence, legal good standing and authority to enter into said transactions as may be required by the Bank or its counsel

Amount: \$300,000.00

Interest Rate: The interest rate on this loan will be 4.99%, adjusting every 5 years to 3.50% above the FHLB Five Year Classic Advance Rate on the date of adjustment.

Term: 20 years

Amortization: 20 years

Loan Fee: A non-refundable fee of \$1,850.00 due at closing.

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SkowheganSavings.com
PO Box 250, Skowhegan, ME 04976

- Repayment:** Level monthly payments first applied to interest then to principal of approximately \$1,980.00. Payments will be adjusted on the first business day of the month following a change in the Index to ensure proper amortization of principal.
- Prepayment Penalty:** None.
- Collateral:** Security for this loan shall be:
a. Second mortgage on 513 Western Ave and 3 Rockwood Dr. Augusta, Maine, which is in the process of being combined.
- Title Opinion:** Satisfactory property title opinion.
- Fire & Extended Coverage Insurance:** The Borrower shall provide commercial fire and extended coverage insurance for the maximum insurable value of the collateral described above. In addition (if applicable), the Borrower shall provide evidence of worker's compensation insurance, flood insurance and comprehensive general liability insurance, the amounts of coverage of each of which shall be satisfactory to the Bank. Co-insurance will not be allowed on any policies of casualty insurance. The Bank shall appear as a first mortgagee or first loss payee, as appropriate, for each policy of coverage. All policies of fire and extended coverage and flood insurance on real estate must contain the so-called "standard mortgagee clause". All policies must provide for written notice to the Bank at least fifteen (15) days prior to cancellation. All policies of insurance must be issued by a company rated A- or better by A.M. Best & Company or an equivalent rating agency acceptable to the Bank.
- Assignment of Leases:** Any existing and future leases between the Borrower and the Borrower's tenants occupying the above mentioned collateral property shall be assigned to the Bank as additional security.
- Mortgage Demand:** The Borrower shall not transfer, sell, assign or encumber title or beneficial ownership of all or any portion of the assets securing the loan without the written permission of the Bank, provided however, that the Borrower may transfer or otherwise dispose of such assets in the ordinary course of

its business, so long as such assets are replaced by assets of equal or greater value and utility. The occurrence of any of the foregoing events without the written permission of the Bank shall result in the loan becoming immediately due and payable.

**Hazardous Waste &
Toxic Substances:**

It is a condition that the Borrower shall certify that it has no knowledge or suspicion the property has been used as a dump site for oil, hazardous materials, hazardous waste, asbestos, PCB's or toxic substances and that the mortgaged premises and areas adjacent thereto are free from hazardous materials, hazardous wastes, asbestos, PCB's or toxic substances. Prior to closing the Borrower will be required to complete an Environmental Questionnaire. After review of the reports by the Bank or Counsel for the Bank, the Bank may require reports, satisfactory to the Bank, from qualified professionals indicating on the basis of soil tests and other inspections that the mortgaged premises and areas adjacent thereto are free from hazardous materials, hazardous wastes, asbestos, PCB's or toxic substances. Such reports shall be at the expense of the Borrower.

The loan documents shall contain a provision requiring that the Borrower shall be obligated to immediately contain and remove any hazardous waste and toxic substances found on the mortgaged premises and to indemnify and hold harmless the Bank from any and all costs, expenses and liability arising out of environmental laws, rules or regulations.

The Borrower or any of the Borrower's tenants occupying the premises stated above as collateral shall not cause or permit to exist any environmental problems from its business activities and shall at all times maintain compliance with all applicable Federal, State and Local environmental land use laws, regulation, ordinances and statutes. The Borrower shall also keep any and all storage tanks, both above and below ground, on its premises registered with the appropriate authorities and will adhere to all safety and maintenance regulations and procedures for such tanks.

Compliance With Law:

The loan committed hereby is subject to satisfactory compliance with all applicable Federal, State and Local laws, regulations, ordinances and statutes. If required by the Bank or its counsel, the Borrower's counsel shall provide favorable written opinions regarding these issues.

Additional Documentation/

Legal Costs: The Borrower shall be responsible for cost of all legal work to document this transaction. All instruments executed and delivered in connection with the closing of this loan shall be in form and substance satisfactory to the Bank's counsel. All other matters relating to the law shall be made to meet the satisfaction of such counsel.

All costs incurred by the Bank to document this transaction will be borne by the Borrower regardless of whether this loan is actually closed or the financing consummated.

Cross Default: A default in any outstanding loan by the Borrower or the Guarantor's to the Bank or to any public authority or lending institution will be considered as a default of this loan.

Additional Events of Defaults: This loan will be considered to be in default in the event that: (a) the Borrowers shall fail to comply with any material term, condition or requirement contained in this commitment and any loan documents; (b) any representation, warranty, statement, certification, schedule or report made or furnished in connection with this commitment and the loan transaction set forth herein shall prove to have been false or misleading in any material respect at the time made or furnished; or, (c) the Borrowers shall become insolvent or shall apply for, or be the object of, any proceedings or arrangement of relief from creditors or otherwise shall suffer a material adverse change in financial condition.

Indemnification: The Borrower or the Guarantor's agree to indemnify and hold the Bank harmless from all applicable laws or regulations, except insofar as the violation was a direct and intentional result of independent action taken by the Bank.

Deposit Accounts: The rate and terms of this commitment are in express reliance on the Borrower's maintenance of a deposit relationship with the Bank and on compliance with the terms and conditions of this commitment and the loan documents. If for any reason this relationship changes, the Bank specifically reserves the right to review and modify the rates and terms of this commitment.

Financial Statements: During the term of this financing, the Borrower will provide to the Bank its fiscal year-end financial statements, prepared by independent accountants acceptable to the Bank, within 90 days of its fiscal year-end. In addition, the Guarantor's will annually provide an updated financial statement and signed federal income tax return copies.

Non-Assignability of Commitment: This commitment is expressly offered only to the Borrower and only for the purposes described herein. This commitment may not be assigned without the written permission of the Bank.

Priority of Agreement: This agreement supersedes all prior representations, agreements, and other prior dealings between the parties, written or oral. The terms of this commitment may not be waived or altered orally or in writing, directly or by implication, by correspondence or otherwise, except by written amendment signed by all parties hereto and explicitly expressing the intention to amend this commitment.

Each of the undersigned confirms and acknowledges that, pursuant to Maine law, in order to maintain an action against the Bank with respect to a promise, contract or agreement to lend money, extend credit, forbear from collection of a debt or make any other accommodation for the repayment of a debt for more than \$250,000.00, such promise, contract or agreement (or some memorandum or notice thereof) must be both (a) in writing and (b) signed by the Bank.

The parties hereto agree that this commitment shall survive the loan closing contemplated hereby and that each of the obligations and undertakings of the Borrower hereunder shall be continuing and shall not cease until the entire loan, together with interest and fees, is paid in full.

This commitment may be terminated by written or telegraphic notice to the Borrower by the Bank at any time prior to closing upon discovery, by the Bank, of a material adverse change in or any misrepresentations or erroneous statements about the proposed project or in or about the Borrower's position with respect to solvency, credit worthiness, ability to carry out the proposed project, government regulation or any other substantial factor. In the event of such termination, the Bank is entitled to collect and retain all commitment fees herein required of the Borrower. Such termination shall become effective upon the mailing of notice of termination by the Bank by certified first-class mail to the Borrower at the address shown on this commitment.

If the terms and conditions herein stated are satisfactory to you, please sign this letter signifying your acceptance and return the signed and accepted copy to me no later than **June 5, 2014** as your authorization for us to proceed with the preparation of

858-2744

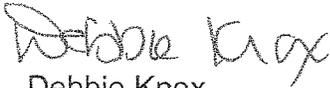
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necessary loan documents. Please indicate the attorney you wish to use for the mortgage document preparation.

We will anticipate a closing on or before **June 30, 2014**. Therefore, unless otherwise extended, this commitment will expire at either of the above two dates if not promptly acted upon.

We look forward to working with you and truly appreciate the opportunity of doing so.

Very Truly Yours,



Debbie Knox
Vice President
Commercial Loan Officer

ACCEPTED:



Paul Blouin



Date

Guarantor:


Precision Motors, Inc.
Its Authorized Signer



Date

Attorney: _____