

EQUIPMENT SECURITY AGREEMENT

1. Grant of Security Interest, Parties and Collateral

[RECIPIENT NAME], a [ENTITY TYPE] organized and existing under the laws of the State of [STATE] whose mailing address is [MAILING ADDRESS] (hereinafter referred to as “Obligor”), for valuable consideration, including the sum of up to [GRANT AMOUNT WRITTEN OUT] DOLLARS (\$[GRANT AMOUNT NUMERICAL]) paid and advanced to Obligor by EFFICIENCY MAINE TRUST whose mailing address is Efficiency Maine Trust, 151 Capitol Street, Suite 1, Augusta, Maine 04330-6262, Attn: Program Manager, Strategic Initiatives (together with its successors and assigns, “Secured Party”), the receipt and sufficiency of which is hereby acknowledged, grants to Secured Party a continuing security interest (the “Security Interest”) in all property of Obligor, whether now existing or hereafter acquired or arising, listed on Exhibit A attached hereto and made a part hereof by reference (the “Collateral”).

2. Obligations Secured

(a) The Security Interest is given to secure:

(i) Obligor’s obligations to Secured Party under a certain Incentive Agreement – Large Customer Program dated [INCENTIVE AGREEMENT DATE] between Obligor and Secured Party (such Incentive Agreement – Large Customer Program being hereinafter referred to as the “Incentive Agreement”), including, without limitation reimbursement obligations under Section 5.4 of the Incentive Agreement and/or under this Agreement.

(ii) All reasonable costs, including reasonable attorney and paralegal fees and charges, including but not limited to attorney and paralegal fees and charges arising in bankruptcy proceedings, incurred by Secured Party in proving or enforcing this Agreement and/or the Incentive Agreement.

(b) All of the obligations described in both subsections of 2(a) above (as either may be modified from time to time) are sometimes hereinafter referred to collectively as the “Obligations.” The Security Interest created by this Agreement shall continue until all Obligations are satisfied in full.

3. Warranties and Covenants of Obligor

Obligor hereby makes the following warranties and covenants and agrees to perform the following duties in addition to any warranties or duties which may be prescribed by the Maine Uniform Commercial Code as amended from time to time (hereinafter the “Maine UCC”) and not stated:

(a) Use of Collateral. The Collateral arises out of business uses or is used for

business purposes.

(b) Collateral Location. The Obligor will keep and maintain the Collateral at Obligor's place of business in [TOWN], Maine, more particularly described in Exhibit B to this Agreement.

(c) No Liens or Other Encumbrances. Except for liens listed on Exhibit C to this Agreement (hereinafter, the "Permitted Liens"), Obligor has not and will not pledge nor grant any security interest in the Collateral to anyone except Secured Party without the prior consent of the Secured Party. Except for the Permitted Liens, Obligor will not permit any lien or encumbrance to attach to the Collateral, nor permit any levy to be made thereon, nor permit any authorized financing statement covering the Collateral to be filed in any public office.

(d) Pay Obligations and Perform. Obligor will pay all money obligations and perform all covenants according to the provisions of the Incentive Agreement and this Agreement.

(e) Owner of Collateral. Obligor is the owner of the Collateral free and clear of any security interest, lien, encumbrance, or adverse claim, except the Permitted Liens and the security interest hereby given to Secured Party. Obligor will defend the Collateral and the security interest created hereby against all claims and demands of all other persons who may assert a claim of ownership or a lien, encumbrance or security interest against or with respect to the Collateral at anytime.

(f) Legal Name and Location. Obligor is organized and existing under the laws of the State of [STATE] and will not change its name, form or jurisdiction of organization, without Lender's prior written consent.

(g) No Other Financing Statements. No financing statement covering or purporting to cover the Collateral is on file in any public office nor is any unfiled, perfected security interest outstanding on the Collateral except for the Permitted Liens. Secured Party may request, and Obligor shall execute, any further instruments in form satisfactory to Secured Party, and Obligor shall pay all filing and other costs deemed necessary or desirable by Secured Party, to perfect and to continue its security interest in the Collateral.

(h) Insurance.

(i) Obligor agrees to insure the insurable Collateral against loss or damage by fire or other casualty, the perils against which insurance is afforded by All Risk Multi-Peril Insurance (also known as Special Form Coverage) subject to normal exclusions. The policy or policies of such insurance shall be in such form, and shall be in such amount as Secured Party may reasonably require, but in no event for less than the amount required to provide payment in full of the costs of complete replacement and restoration of any damage and/or destruction to said Collateral resulting from casualty required to be insured hereunder, without deduction or reduction on account of any "co-insurance" or similar provisions in such policy or

policies, or otherwise, and shall be issued by a company or companies approved by Secured Party with loss payable to Secured Party. Obligor hereby assigns to Secured Party all right to receive proceeds of such insurance, and directs any insurer to pay all proceeds directly to the Secured Party and authorizes Secured Party to endorse any draft for such proceeds.

(ii) Whenever required by Secured Party, such policies or memoranda thereof shall be delivered immediately to and be held by Secured Party, and Obligor shall deliver to Secured Party new policies or memoranda thereof for any insurance about to expire at least seven (7) days before such expiration. Any and all amounts received by Secured Party under any of such policies may be applied by Secured Party on the indebtedness secured hereby in such manner as Secured Party may in its sole discretion elect, or, at the option of Secured Party, the entire amount so received or any part thereof may be released. Upon foreclosure of this Security Agreement or other acquisition of the Collateral or any part thereof by Secured Party, such policies shall become the absolute property of Secured Party, but receipt of any insurance proceeds and any disposition of the same by Secured Party shall not constitute a waiver of any rights of Secured Party, statutory or otherwise, and specifically shall not constitute a waiver of the right of foreclosure by Secured Party in the event of default or failure of performance by Obligor of any covenant or agreement contained herein or any note secured hereby. Any insurance policy issued in accordance with this section shall provide that it will not be cancelled or amended without at least thirty (30) days prior written notice to Secured Party or any assignee of Secured Party.

(i) Taxes and Other Charges. Obligor agrees to pay and discharge when due all taxes, levies, and other charges duly imposed upon the Collateral.

(j) No Transfer. Obligor agrees not to sell or offer to sell or otherwise transfer any of the Collateral without the prior written consent of Secured Party. Any such transfer, if made without consent, is a default under this Agreement, whether such transfer is voluntary or involuntary.

(k) Maintain Collateral. Obligor agrees to maintain and repair the Collateral as necessary to keep it in good condition, and not to waste, destroy, or voluntarily damage the Collateral. Obligor will not use the Collateral in violation of any statute, ordinance, or governmental regulation. Secured Party may examine and inspect the Collateral at any reasonable time wherever located.

(l) Notification of Seizure or Other Loss. Obligor agrees to notify Secured Party immediately, in writing, of any seizure of, or levy upon, any of the Collateral, and of any loss of possession of or destruction or damage to the Collateral.

(m) Books and Records. Obligor will at all times maintain accurate books and records with respect to the Collateral. Secured Party is hereby given the right and privilege of auditing the books and records of Obligor at any reasonable time and from time to time, all upon reasonable notice, as Secured Party deems proper.

4. Additional Rights of Parties:

(a) Protection of Security. If Obligor fails to do so when required to do so, Secured Party may, after first requesting Obligor to do so, discharge any taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral, may place and pay for insurance on the Collateral and may pay for the repair, maintenance and preservation of the Collateral. Obligor agrees to reimburse Secured Party on demand for any reasonable payment made or any reasonable expense incurred by Secured Party pursuant to the foregoing authorization. All reasonable payments made and reasonable expenses incurred by Secured Party shall be secured by this Agreement.

(b) Possession Prior to Default and After-Acquired Property. So long as Obligor is not in default hereunder, Obligor shall have the right to possession of the Collateral and the right to use the Collateral in any lawful manner not inconsistent with this Agreement and the terms of insurance thereon.

5. Events of Default

Obligor shall be in default under this Agreement upon the occurrence of any of the following events and conditions:

(a) Default in the payment or performance of the Obligations or any obligation, covenant or liability contained or referred to herein.

(b) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Obligor, which is or was false in any material respect when made or furnished.

(c) Uninsured loss, theft, substantial damage or destruction of a material portion of the Collateral, except as provided herein, or encumbrance to or of the Collateral, except Permitted Liens, or the making of a levy, seizure or attachment upon the Collateral.

(d) Any voluntary or involuntary transfer, in any manner, except as herein provided or as permitted in the Loan Agreement, of Obligor's rights in the Collateral.

(e) Dissolution, termination of existence, insolvency, or business failure of Obligor, appointment of a receiver for any part of the Obligor's property or assignment for the benefit of creditors by Obligor, or the commencement of any proceeding under a bankruptcy or insolvency law by or against Obligor or any guarantor or surety of Obligor.

(f) Failure of Obligor to comply with any statute, requirement, rule, regulation, order or decree of any Federal, state, municipal, or other governmental authority relating to the Collateral.

(g) Failure of Obligor, after request by Secured Party to permit inspection of

books and records relating to the Collateral, or the Collateral.

(h) Default under the Incentive Agreement.

6. Remedies

(a) Upon default and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Maine UCC as amended from time to time as well as any other rights and remedies possessed by the Secured Party. Secured Party may require Obligor to assemble the Collateral and make it available to Secured Party at a place reasonably convenient to both parties.

(b) Upon repossession, Secured Party shall not be liable or responsible for articles left in or attached to the Collateral but upon request and proof satisfactory to the Secured Party within forty-eight (48) hours of repossession, Secured Party shall release to Obligor any such article not covered by this Agreement.

(c) Secured Party agrees to give Obligor reasonable notice of the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition is to be made. The requirement of reasonable notice will be met if notice is mailed, postage prepaid, to the address of Obligor shown at the beginning of this Agreement at least ten (10) days prior to the time of sale or other disposition.

(d) Upon default, if the sale or other disposition of the Collateral fails to satisfy the obligations secured by this Agreement and the reasonable expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorney and paralegal fees and legal expenses incurred by the Secured Party in connection with this Agreement (including, without limitation, such fees and expenses arising in connection with any bankruptcy case), the Obligor shall be liable for any deficiency.

(e) Secured Party shall have the absolute right to appointment of a receiver with respect to Collateral.

(f) Secured Party shall not be liable for any act or omission on the part of Secured Party, its agents or employees, except willful misconduct.

7. Rules of Construction

(a) No waiver by Secured Party of any default shall be effective unless in writing. The Secured Party's acceptance of late or partial payment, or the failure of Secured Party to exercise any right or remedy available to it, is not a waiver of any obligation of Obligor or right of Secured Party. No such act or omission on the part of Secured Party shall constitute a modification of this Agreement nor a waiver of any other default which may occur at a later date.

(b) This Agreement constitutes the entire agreement between Obligor and Secured Party relating to this Agreement.

(c) This Agreement shall be binding upon the successors and assigns of Obligor.

(d) Use of the word "Collateral" includes the entire body of collateral as set forth in Paragraph 1 hereof, and also any products, portions, or proceeds thereof.

(e) No party to this Agreement shall be discharged by extension of time, additional advances, renewals or extensions of any note, the taking of further security, the releasing of any security, extinguishment of the security interest as to any part of the Collateral, or any other act, except a release or discharge of the security interest upon the full payment of the obligations secured by this Agreement, including charges, expenses, fees, costs and interest.

(f) If any provision of this Agreement is declared invalid or ineffective, all other provisions shall continue in full force and effect and Obligor shall continue to be liable under this Agreement.

(g) The paragraph headings used herein are intended for convenience only and are not intended to affect the interpretation of this Agreement.

(h) This Agreement shall be governed for all purposes by the internal laws of the State of Maine, exclusive of its conflicts of law rules.

8. Waiver of Right to Jury Trial. The respective parties hereto shall and hereby do **WAIVE TRIAL BY JURY** in any action, proceeding, counterclaim, objection to claim in a bankruptcy case or other litigation of any type brought by either of the parties against the other on any matter whatsoever arising out of, related to, or in any way connected with the Obligations and/or this Security Agreement, or the transactions contemplated hereby. Without in any way limiting the scope or effect of the foregoing waiver of the jury trial right, the parties specifically agree that such waiver shall be effective in any action arising out of or related to: (a) any alleged oral promise or commitment by Secured Party allegedly inducing the Obligations and/or this Security Agreement; (b) any alleged modification or amendment of the Obligations and/or this Security Agreement, whether in writing, oral, or by alleged conduct; (c) any enforcement of the Obligations and/or this Security Agreement; and (d) any repossession, taking of possession, or disposition of Collateral. Without in any way limiting the foregoing, the parties further agree that their respective right to a trial by jury is waived by operation of this paragraph as to any action, counterclaim or other proceeding which seeks, in whole or in part, to challenge the validity or enforceability of the existing Obligations and/or this Security Agreement, or any provision thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on **[DATE]**.

WITNESS:

OBLIGOR:

[RECIPIENT NAME]

By: _____

Name: _____

Its: _____

SECURED PARTY:
EFFICIENCY MAINE TRUST

By: _____

Name: _____

Its: _____

EXHIBIT A

1. **[LIST OF COLLATERAL]**
2. All additions, accessions, substitutions, replacements, products and proceeds (whether cash or non-cash) of any of the foregoing, in whatever form, including, without limitation, proceeds of insurance.

EXHIBIT B
REAL ESTATE DESCRIPTION

EXHIBIT C
PERMITTED LIENS