



COMMERCIAL MORTGAGE AND SECURITY AGREEMENT

ARTICLE ONE

1.01 **GRANT OF FIRST PRIORITY MORTGAGE AND SECURITY INTEREST;
OBLIGATIONS; PREMISES AND COLLATERAL.**

KNOW ALL MEN BY THESE PRESENTS that ARTH, LLC, a Massachusetts limited liability company with a principal place of business located at 41 Perry Hill Road, Westhampton, Massachusetts (hereinafter called the "MORTGAGOR"), for consideration paid, grants to NUVO BANK & TRUST COMPANY, a Massachusetts trust company, having an office at 1500 Main Street, Springfield, Massachusetts (hereinafter called the "MORTGAGEE"), to secure the payment in the amount of **EIGHT HUNDRED TWENTY SIX THOUSAND AND 00/100 (\$826,000.00) DOLLARS** (hereinafter called the "Loan"), pursuant to a Commercial Mortgage Promissory Note in the original principal amount of up to **EIGHT HUNDRED TWENTY SIX THOUSAND AND 00/100 (\$826,000.00) DOLLARS** by MORTGAGOR and Thomas R. Hathaway, jointly and severally, in favor of MORTGAGEE of even date herewith (hereinafter called the "Note"), and also to secure the performance of all agreements and conditions herein contained and all other obligations now existing or hereafter arising of MORTGAGOR and Thomas R. Hathaway to MORTGAGEE relating to the Loan, the land together with the buildings and improvements now or hereafter situated thereon commonly known as **39 HOOKER ROAD, WESTHAMPTON, HAMPSHIRE COUNTY, MASSACHUSETTS**, all as more particularly described on **EXHIBIT "A"** which is annexed hereto and made a part hereof (which with the property hereinafter described is referred to as the "Premises") and the MORTGAGOR does hereby grant a security interest to the MORTGAGEE under the Massachusetts Uniform Commercial Code in the Collateral hereinafter referred to the extent that the Collateral constitutes personal property.

TOGETHER WITH ALL OF MORTGAGOR'S RIGHT, TITLE AND INTEREST IN AND TO:

(a) All buildings and improvements, now or hereafter located thereon, all privileges and other rights now or hereafter made appurtenant thereto including, without limitation, all right, title and interest of MORTGAGOR in and to all streets, roads, and public places, open or proposed and all easements and rights of way, public or private, now or hereafter used in connection with the Premises; and

(b) All fixtures, fittings, furnishings, appliances, apparatus, equipment, and machinery, including without limitation, all gas and electric fixtures, radiators, heaters, engines, and machinery, boilers, ranges, ovens, elevators, and motors, bathtubs, sinks, water closets, basins, pipes, faucets, and other air-conditioning, plumbing, and heating fixtures, mirrors, mantles, refrigerating plants, refrigerators, iceboxes, dishwashers, carpeting, furniture, laundry equipment, cooking apparatus and appurtenances, and all building material, supplies and equipment now or hereafter delivered to the Premises and intended to be installed therein; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on the Premises; such other goods, equipment, chattels and personal property as are usually furnished by landlords in letting premises of the character hereby conveyed; and all renewals or replacements thereof and articles in substitution thereof; and all proceeds and profits thereof; and all of the estate, right, title and interest of the MORTGAGOR in and to all property of any nature whatsoever, now or hereafter situated on the

Premises or intended to be used in connection with the operation thereof shall be deemed to be fixtures and an accession to the freehold and a part of the realty as between the parties hereto, and all persons claiming by, through or under them and shall be deemed to be a portion of the security for the indebtedness herein mentioned and secured by this Mortgage. If the lien of this Mortgage on any fixtures or personal property be subject to a lease agreement, conditional sale agreement or chattel mortgage covering such property, then in the event of any default hereunder all the rights, title and interest of the MORTGAGOR in and to any and all deposits made thereon or thereof are hereby assigned to the MORTGAGEE together with the benefit of any payments now or hereafter made thereon. There is also transferred, set over and assigned by MORTGAGOR to MORTGAGEE, its successors and assigns, hereby all leases and use agreements of machinery, equipment and other personal property of MORTGAGOR in the categories hereinabove set forth, under which MORTGAGOR is the lessee of, or entitled to use, such items, and MORTGAGOR agrees to execute and deliver to MORTGAGEE specific separate assignments to MORTGAGEE of such leases and agreements when requested by MORTGAGEE; but nothing herein shall obligate MORTGAGEE to perform any obligations of MORTGAGOR under such leases, or agreements unless it so chooses, which obligations MORTGAGOR hereby covenants and agrees to well and punctually perform.

(c) All rents, incomes, profits, revenues, royalties, bonuses, rights, and benefits under any and all leases or tenancies now existing or hereafter created of the Premises or any part thereof with the right to receive and apply the same to said indebtedness, and MORTGAGEE may demand, sue for and recover such payments but shall not be required to do so.

(d) All judgments, awards of damages and settlements hereafter made as a result of or in lieu of any taking of the Premises or any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Premises or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets.

(e) All proceeds of MORTGAGOR's right, title and interest in any and all claims to rebates, refunds, and abatement of real estate taxes pertaining to the Premises, or any portion thereof, with respect to tax periods arising at any time prior to the discharge hereof even though such taxes may relate to periods before the execution hereof, which rebates, refunds and abatements shall in the case of a default hereunder be applied to the Obligations. All proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims.

(f) Any and all as-extracted collateral including, without limitation, **all minerals** located at or pertaining to the Premises, or any portion thereof.

The items set forth in Paragraphs (c) through (f) above are sometimes hereinafter separately referred to as the "Collateral."

ARTICLE TWO

2. MORTGAGOR's COVENANTS.

MORTGAGOR covenants and agrees with MORTGAGEE that:

2.01 Title.

The MORTGAGOR warrants that it has good and marketable title to an indefeasible fee simple estate in the real estate described in Exhibit "A" subject to no liens, charges or encumbrances except as set forth in Exhibit "B" annexed hereto, that it has good right and lawful authority to convey the Premises in the manner and form herewith provided; that MORTGAGOR has full power and authority to mortgage the Premises in the manner and form herein done or intended hereafter to be done; that this Mortgage is and shall remain a valid and enforceable viable first lien on the Premises, subject only to taxes not yet due and payable and those exceptions to title set forth in Exhibit "B" or otherwise acceptable to MORTGAGEE; that MORTGAGOR and his successors and assigns shall warrant and defend the same and the priority of this lien forever against the lawful claims and demands of all persons whomsoever other than aforesaid and that this covenant shall not be extinguished by any foreclosure hereof but shall run with the land.

MORTGAGOR shall maintain title to the Collateral including any additions or replacements thereto free of all security interests, liens and encumbrances, other than the security interest hereunder and other than as disclosed to and accepted by MORTGAGEE in writing and as set forth in Exhibit "B" annexed hereto, and has good right to subject the Collateral to the security interest hereunder. The MORTGAGOR shall, at the cost of the MORTGAGOR, and without expense to the MORTGAGEE, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as the MORTGAGEE shall from time to time reasonably require, for the better assuring, conveying, assigning, transferring and confirming unto the MORTGAGEE the property and rights hereby conveyed or assigned or intended now or hereafter to so be, or which the MORTGAGOR may be or may hereafter become bound to convey or assign to the MORTGAGEE, or for carrying out the intention of facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage and Security Agreement (hereinafter the "Mortgage").

The MORTGAGOR forthwith, upon the execution and delivery of this Mortgage and thereafter from time to time, shall cause this Mortgage, and any security instrument creating a lien or evidencing the lien hereof upon the Collateral and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to perfect the lien hereof upon, and the interest of the MORTGAGEE in, the Premises.

The MORTGAGOR shall pay all filing, registration or recording fees, and all actual third party expenses incident to the preparation, execution and acknowledgement of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Collateral, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note, this Mortgage, any mortgage supplemental hereto, and any security instrument with respect to the Collateral or any instrument of further assurance.

All right, title and interest of the MORTGAGOR in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Premises and the Collateral, hereafter acquired by, or released to, the MORTGAGOR or constructed, assembled or placed by the MORTGAGOR on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance,

assignment or other act by the MORTGAGOR, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by the MORTGAGOR and specifically described in the granting clause hereof, and at any and all times the MORTGAGOR will execute and deliver to the MORTGAGEE any and all such further assurances, mortgages, conveyances or assignments thereof as the MORTGAGEE may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

2.02. **Compliance with Laws.**

To retain in full force and effect and not allow to lapse or be revoked any licenses or other governmental authorizations issued by any governmental agency to MORTGAGOR for the operation by MORTGAGOR of any business on the Premises to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Premises or the operation thereof, and to pay all fees or charges of any kind in connection therewith. Notwithstanding the foregoing, the MORTGAGOR shall have the right to contest the violation of any law, ordinance, rule or regulation so long as said contest is taken in good faith, conforms to the rules governing the same and that said contest will not negatively affect the value of the Collateral in any material way.

2.03. **Payment of Obligations and Taxes.**

(a) To pay, perform and fulfill all of the provisions hereof, of the Obligations secured hereby, of any other instruments executed in connection herewith and all of the statutory conditions; and

(b) To pay not later than the last date upon which the same may be paid without penalty or interest all real estate taxes, charges, assessments, betterments and water rates, sewer charges and the like to whomsoever levied or assessed, whether on the Premises, or any interest therein, or on the debt or obligation secured hereby; and, notwithstanding the foregoing, MORTGAGOR shall, upon request of the MORTGAGEE, establish a non-interest bearing tax account with the MORTGAGEE, in such amount as the MORTGAGEE may in good faith determine, and thereafter to pay to MORTGAGEE on each interest payment date, an amount equal to one-twelfth (1/12) of the yearly real estate taxes and betterments, if any; such tax escrow account to be applied, at the MORTGAGEE'S option, to the Obligations following the occurrence of an Event of Default (as defined below).

2.04. **Insurance.**

To keep all buildings, improvements, equipment and other Collateral now or hereafter on the Premises insured against loss by fire and such other casualties and contingencies as the MORTGAGEE from time to time may require in a sum and in companies reasonably satisfactory to the MORTGAGEE, and to deposit all such policies or certificates thereof with and naming the MORTGAGEE in the Standard Mortgage Clause as loss payee and as additional insured hereby appointing the MORTGAGEE attorney irrevocable, in case of breach hereof, if the MORTGAGEE shall so elect, to cancel or transfer such insurance and to retain any premiums or proceeds and to apply the same to the Obligations. All policies of insurance shall provide that they shall not be canceled or materially modified without thirty (30) days prior written notice to the MORTGAGEE. MORTGAGOR shall deliver all certificates evidencing such policies, including additional and renewal policies, to MORTGAGEE;

2.05. Casualty.

To promptly notify MORTGAGEE of any material loss to the Premises or Collateral whether covered by insurance or not. In case of loss or damage by fire or other casualty to the Premises or Collateral, MORTGAGEE is authorized (i) to settle and adjust any claim under insurance policies which insure against such risks, or (ii) to allow MORTGAGOR to agree with the insurance company or companies on the amount to be paid in regard to such loss. In either case, the MORTGAGEE is authorized to collect any such insurance money. **Notwithstanding any contrary provision contained in this Section**, if an insured loss or casualty to the Premises or the Collateral shall occur, in an amount of \$10,000.00 or less, the MORTGAGEE, unless an Event of Default shall have occurred, shall advance the proceeds of insurance in installments, upon application for the restoration of the Premises provided, however, the MORTGAGEE shall have no such obligation unless the proceeds of insurance which are in the possession of the MORTGAGEE are adequate to complete such restoration or if not, then the MORTGAGOR or MORTGAGOR's tenant has deposited with the MORTGAGEE sufficient cash with which to complete such restoration. If an insured loss or casualty to the Premises or the Collateral shall occur, in an amount in excess of \$10,000.00 such insurance proceeds may, at the option of the Mortgagee, if there exists an uncured Event of Default hereunder shall be applied to the reduction of the indebtedness secured hereby, whether due or not, or provided there is no uncured Event of Default hereunder be held by the Mortgagee without any allowance of interest and be used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on said Premises and/or for repair or replacement of the Collateral. Additionally, to the extent of any loss or casualty in excess of \$10,000.00, the MORTGAGEE shall be furnished with a certificate of an architect acceptable to the MORTGAGEE certifying (a) that such restoration can be completed with the funds (including insurance proceeds and/or cash of the MORTGAGOR and/or MORTGAGOR's tenant) on deposit with the MORTGAGEE and can be completed in accordance with all applicable zoning and building code requirements; (c) that such restoration can be completed within twelve (12) months of such loss; (d) a copy of the building permit has been furnished to the MORTGAGEE; (e) a certificate from each tenant has been furnished to the MORTGAGEE that its lease will not be terminated as a result of such casualty; and (f) such other information and due diligence from the MORTGAGOR as the MORTGAGEE may reasonably require. Additionally, in the event that the amount of such insurance proceeds shall exceed the cost of any such restoration, the balance of any such proceeds shall be applied to reduce the then outstanding principal balance of the Note.

If, as set forth above, the MORTGAGEE elects to make said proceeds available to reimburse MORTGAGOR for the cost of the rebuilding or restoration of the buildings or improvements on said Premises and/or for repair or replacement of the Collateral, such proceeds shall be made available in such manner and under such conditions as the MORTGAGEE may reasonably require; including without limitation: (i) approval of plans and specifications of such work before such work shall be commenced, and (ii) suitable completion or performance bonds and Builder's All Risk insurance, and (iii) no insurer claims of any rights of participation and/or assignment of rights with respect to the indebtedness secured hereby. The buildings and improvements shall be so restored or rebuilt and the Collateral replaced or repaired so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the proceeds are made available by the MORTGAGEE to reimburse the MORTGAGOR for the costs of rebuilding, restoration, repair or replacement, any surplus which may remain out of said insurance proceeds after payment of such costs shall, at the option of the MORTGAGEE, be applied on account of the indebtedness secured hereby or be paid to MORTGAGOR.

2.06. **Condemnation.**

Promptly upon obtaining knowledge of the institution of any proceeding for the condemnation of the Premises or any portion thereof, to notify MORTGAGEE of the pendency thereof. If the Premises or any part thereof shall be taken by eminent domain or by other act of any public authority, any damages in connection therewith are hereby assigned and shall be paid to Lender and shall, at Lender's election, be applied towards reconstruction, repair or replacement of the Premises, in which event, Lender shall release such proceeds from time to time for such purposes, at such times and upon such terms and conditions as Lender deems appropriate, or may be applied by Lender in satisfaction of the Obligations then remaining outstanding, whether or not then due and in such order as Lender determines and for the foregoing purposes, Borrower hereby appoints Lender as its attorney-in-fact to negotiate, settle and collect such proceeds (including without limitation the right to participate in any proceedings relating thereto) without, however, imposing upon Lender any obligation to do so.

2.07. **Maintenance and Repair.**

To keep the Premises and the Collateral in good operating order, repair and condition and not commit or permit any waste thereof. MORTGAGOR shall make all repairs, replacements, renewals, additions and improvements and complete and, provided the proceeds of insurance are released to MORTGAGOR as herein provided, restore promptly and in good workmanlike manner any building or improvements which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred therefor. MORTGAGOR shall not remove from the Premises, the Collateral or demolish any of the property conveyed hereby, nor demolish or materially alter the Premises without the prior written consent of the MORTGAGEE, except in the ordinary course of business. MORTGAGOR shall permit MORTGAGEE or its agents the opportunity to inspect the Premises and the Collateral, including the interior of any structures, at any reasonable times upon reasonable notice

2.08. **Assignment of Leases and Rents.**

To execute and deliver to MORTGAGEE an assignment of leases and rents for the Premises; not to: (i) execute (except as noted above) an assignment of the rents or any part thereof from the Premises; or (ii) to execute any lease of any portion of the Premises without the prior written approval of MORTGAGEE, which consent shall not be unreasonably withheld, conditioned or delayed, or (iii) to terminate or consent to the cancellation or surrender of any lease or tenancy of the Premises or of any part thereof, now existing or hereafter to be made, having an unexpired term of six (6) months or more or (iv) to materially modify, alter or amend any such lease or tenancy including without limitation, shortening the unexpired term thereof or decreasing the amount of the rents payable thereunder, or (v) to accept prepayments more than thirty (30) days prior to the due date of any installments or rents to become due and payable under such leases or tenancies, except prepayments in the nature of security for the performance of the lessees thereunder, or (vi) to consent to an assignment or subletting thereof, in whole or in part, without MORTGAGEE's prior written consent, or (vii) to in any other manner materially impair the value of the Premises or the security of the Mortgage for the payment of the Obligations.

Nothing herein shall obligate the MORTGAGEE to perform the duties of the MORTGAGOR as landlord or lessor under any such leases or tenancies. MORTGAGOR hereby covenants and agrees that he shall at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements respectively required of them contained in

all leases of the Premises now or hereafter existing, on the part of the lessor thereunder to be kept and performed.

The MORTGAGOR shall furnish to the MORTGAGEE, within fifteen (15) days after a request by the MORTGAGEE to do so, a written statement containing the names of all lessees or occupants of the Premises, the terms of their respective leases or tenancies, the spaces occupied and the rentals paid. If any of such leases provide for the giving by the Lessee of certificates with respect to the status of such leases, the MORTGAGOR shall exercise its right to request such certificates within five (5) days of any demand therefor by the MORTGAGEE.

2.09. Leases.

In the event the MORTGAGEE shall institute proceedings to foreclose the lien hereof, and shall become a mortgagee in possession of the Premises, the MORTGAGEE during such time as it shall be mortgagee in possession of the Premises shall have, and the MORTGAGOR hereby gives and grants to the MORTGAGEE, the right, power and authority to make and enter into leases of the Premises or the portions thereof for such rents and for such periods of occupancy and upon such conditions and provisions as such mortgagee in possession may deem desirable, and MORTGAGOR expressly acknowledges and agrees that the term of any such lease may extend beyond the date of any sale of the Premises pursuant to the foreclosure proceedings; it being the intention of the MORTGAGOR that while the MORTGAGEE is a mortgagee in possession of the Premises the MORTGAGEE shall be deemed to be and shall be the attorney-in-fact of the MORTGAGOR for the purposes of making and entering into leases of parts or portions of the Premises for the rents and upon the terms, conditions and provisions deemed desirable to the MORTGAGEE, and with like effect as if such leases had been made by the MORTGAGOR as the owner in fee simple of the Premises, free and clear of any conditions or limitations established by this Mortgage. The power and authority hereby given and granted by the MORTGAGOR to MORTGAGEE shall be deemed to be coupled with an interest and shall not be revocable by MORTGAGOR.

2.10. Advances.

(a) If MORTGAGOR shall fail, after applicable notice and grace periods, to: (i) perform any of the covenants herein contained, (ii) contained in any instrument securing the Obligations, (iii) shall default in the performance of any senior or junior mortgage(s) or (iv) shall fail to pay taxes, insurance premiums, utilities, tenant security deposits, expenses of repair and any other expenses of the maintenance and operation of the Premises and the Collateral the MORTGAGEE may, but without obligation to do so, upon notice to MORTGAGOR make advances to perform the same on MORTGAGOR's behalf.

(b) The MORTGAGEE may incur any reasonable expense, including reasonable attorney's fees, in prosecuting defending or intervening in any proceedings wherein any of the right created by this Mortgage are in the sole reasonable judgment of the MORTGAGEE, jeopardized or in issue.

(c) The MORTGAGEE may incur any reasonable expense for the preservation and protection of the Premises and the Collateral including but not limited to those set forth in subparagraphs (a) and (b) of this Section.

(d) The MORTGAGEE may at its option add to the principal balance then due under the Obligations secured hereby, any sums advanced under clauses (a), (b) and (c) above, which advances shall bear interest at the default rate provided in the Note; and the MORTGAGEE may apply to any of the purposes set forth in clauses (a), (b) or (c) any sums paid by the MORTGAGOR as interest or otherwise.

2.11. **Financial Statements/Data.**

The MORTGAGOR shall provide the MORTGAGEE with such financial statements and data as set forth in the Loan Agreement by and among the MORTGAGOR, Corporate Borrower and MORTGAGEE, of even date herewith (the "Loan Agreement").

2.12. **Estoppel Certificates.**

Each party, within ten (10) days of written request from the other party, shall furnish a duly acknowledged written statement stating either that no set-offs or defenses exist against the Mortgage Obligations, or if such set-offs or defenses are alleged to exist, the nature thereof.

2.13. **Sale of Premises.**

In order to induce MORTGAGEE to make this loan, MORTGAGOR agrees that if the Premises or the Collateral or any part thereof or interest therein is sold, assigned, transferred, conveyed, leased, leased with an option to purchase or otherwise alienated by MORTGAGOR, whether voluntarily, or involuntarily or by operation of law, or that if the management thereof is changed, in any case without the prior written consent of the MORTGAGEE, MORTGAGEE, at its option, may declare the Obligations to be forthwith due and payable. Any change in the legal or equitable title of the Premises or of the Collateral or in the beneficial ownership of the Premises whether or not of record and whether or not for consideration or sale or other disposition of the stock of the borrowing entity or disposition of any partnership interests or beneficial interest of MORTGAGOR or any general partner thereof (except in the case such change occurs solely by descent or devise following the death of an individual owning such an interest) shall be deemed the transfer of an interest in the Premises or in the Collateral. In connection herewith, the financial stability and managerial and operational ability of MORTGAGOR are a substantial and material consideration to MORTGAGEE in its agreement to make the loan to MORTGAGOR secured hereby. The transfer of an interest in the Premises or in the Collateral or change in the person or entity operating and managing the property may significantly or materially alter and reduce MORTGAGEE's security for the indebtedness secured hereby.

In the event ownership of the Premises or the Collateral, or any part thereof, becomes vested in a person or persons other than MORTGAGOR, whether with or without the prior written approval of MORTGAGEE, the MORTGAGEE may without notice to the MORTGAGOR, waive a default, if such occurs thereby and deal with such successor or successors in interest with reference to this Mortgage, and the Obligations in the same manner as with MORTGAGOR, without in any way releasing, discharging or otherwise affecting the liability of MORTGAGOR hereunder, or for the obligations hereby secured, no sale of the Premises or of the Collateral, no forbearance on the part of MORTGAGEE, no extension of the time for the payment of the Obligations or any change in the terms thereof consented to by MORTGAGEE shall in any way whatsoever operate to release, discharge, modify, change or affect the original liability of MORTGAGOR herein, either in whole or in part, nor shall the full force and effect of this lien be altered thereby. Any deed conveying the Premises

or any bill of sale for the Collateral, or any part thereof, shall provide that the grantee thereunder assume all of the grantor's obligations under this Mortgage, the Obligations and all other instruments or agreements evidencing or securing the repayment of the Mortgage indebtedness. In the event such deed or bill of sale shall not contain such assumption, MORTGAGEE shall have all rights reserved to it hereunder in the event of a default or if MORTGAGEE shall not elect to exercise such rights and remedies, the grantee under such deed shall nevertheless be deemed to have assumed such obligations by acquiring the premises or the Collateral or such portion thereof subject to this Mortgage.

MORTGAGOR shall not voluntarily, involuntarily or by operation of law sell, assign, transfer or otherwise dispose of the Collateral or any interest therein and shall not otherwise do or permit anything to be done or occur that may impair the Collateral as security hereunder. So long as this Mortgage is not in default, MORTGAGOR may sell or otherwise dispose of the Collateral when worn out, inadequate, unserviceable or unnecessary for use in the operation of the real estate described in Exhibit "A" in the conduct of the business of MORTGAGOR, provided that MORTGAGOR shall concurrently replace the same or substitute for the same other Collateral at least equal in value to the initial value of that disposed of and in such a manner so that said Collateral shall be subject to the security interest created hereby and so that the security interest of the MORTGAGEE hereunder shall be the first priority security interest in said Collateral. In the event the Collateral is sold in connection with the sale of the real estate described in Exhibit "A", MORTGAGOR shall require, as a condition of the sale, that the buyer specifically agree to assume MORTGAGOR's obligations as to the security interest herein granted and to execute whatever agreements and filings are deemed necessary by MORTGAGEE to maintain its perfected security interest in the Collateral.

2.14. Liens and Encumbrances.

That MORTGAGOR shall pay prior to delinquency all obligations, lawful claims or demands of any person which, if unpaid, might result in, or permit the creation of, a lien or encumbrance on the Premises, on the Collateral, or on the rents, issues, income and profits arising therefrom, whether such lien would be senior or subordinate hereto, including, but without limiting the generality of the foregoing, all claims of mechanics, materialmen, laborers and others for work or labor performed, or materials or supplies furnished in connection with any work of demolition, alteration, improvement of or construction upon the Premises, and in general will do or cause to be done everything necessary so that the first lien of this Mortgage shall be fully preserved, at the cost of the MORTGAGOR, without expense to the MORTGAGEE. Notwithstanding the foregoing, MORTGAGOR shall have the rights to contest taxes, charges, liens, assessments and water rates so long as said contest is taken in good faith, is in conformity with all rules governing the same and does not negatively affect Lender's lien in any material way.

ARTICLE THREE

DEFAULT

3.01. Events of Default.

The following shall be deemed to be "Events of Default" hereunder:

(a) Failure to make any payment within ten (10) days of when due in accordance with the terms of the Obligations secured hereby or this Mortgage;

(b) Failure to perform any of the other terms, covenants, and conditions in the Obligations secured hereby, this Mortgage, and the Collateral Assignment of Leases and Rents all of even date herewith, or any other instrument constituting security for the Obligations, within any applicable grace or cure periods;

(c) Breach of any warranties or representations given by MORTGAGOR to MORTGAGEE in any material respect;

(d) A default under any junior or senior mortgage or junior or senior security interest, lien or encumbrance of any kind upon the Premises or the Collateral beyond applicable notice and cure, or the institution of foreclosure or other proceedings to enforce any such mortgage or security interest, lien or encumbrance.

(e) Permitting or consenting to any indulgence, forbearance or postponement of any obligation of any mortgage or security interest in the premises and/or Collateral to which this Mortgage is subject, without the written consent of the MORTGAGEE.

(f) Should the MORTGAGOR or any Guarantor of the Obligations secured hereby, or any successors and assigns thereof, including without limitation the then current owners of any interest in the Premises or in the Collateral:

(i) Seek relief (including the entry of an order for relief) pursuant to the Federal Bankruptcy Code, or any similar law, state or federal, whether now or hereafter existing (hereafter referred to as a "Bankruptcy Proceeding"); or

(ii) ~~file~~ any answer admitting insolvency or inability to pay its debts; or

(iii) fail to obtain a stay of any involuntary Bankruptcy or other insolvency proceeding within sixty (60) days, or

(iv) have a trustee or receiver or custodian appointed for or have any court take jurisdiction of its property, or the major part thereof, in any involuntary proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation if such trustee or receiver or custodian shall not be discharged or if such jurisdiction relinquished, vacated, or stayed on appeal or otherwise within forty-five (45) days; or

(v) make an assignment for the benefit of its creditors; or

(vi) admit in writing its inability to pay its debts generally as they become due; or

(vii) consent to an appointment of a receiver or trustee or custodian of all of its property, or the major part thereof; or

(viii) become insolvent; or

(ix) entry of judgment against the MORTGAGOR, issuance of an injunction or attachment against property of the MORTGAGOR not satisfied or discharged within twenty (20) days thereof; or

(x) any event which results in the acceleration of any indebtedness of MORTGAGOR to any other third party under any instrument, agreement or undertaking so long as it is neither cured nor waived.

3.02. Remedies.

(a) Upon and after any such Event of Default, the MORTGAGEE, by written notice given to the MORTGAGOR, may declare the entire principal of the Obligations then outstanding (if not then due and payable), and all accrued and unpaid interest thereon, all premiums payable thereunder and all other obligations of MORTGAGOR hereunder to be due and payable immediately, and upon any such declaration the principal of the Note and accrued and unpaid interest, premium and other obligations shall become and be immediately due and payable, anything in the Note or in this Mortgage to the contrary notwithstanding.

(b) Upon and after any such Event of Default, the MORTGAGEE personally, or by its agents and attorneys, may enter into and upon all or any part of the Premises, and each and every part thereof, and may exclude the MORTGAGOR, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Premises and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers; and upon every such entry, the MORTGAGEE at the expense of the MORTGAGOR, from time to time, either by purchase, repairs, or construction, may maintain and restore the premises, whereof it shall become possessed as aforesaid, may complete the construction of the improvements and in the course of such completion may make such changes in the contemplated improvements as it may deem desirable and may insure the same; and likewise, from time to time, at the expense of the MORTGAGOR, the MORTGAGEE may make all necessary or proper repairs, renewals and replacements and such useful alterations, additions, betterments, and improvements thereto and thereon as to it may seem advisable; and in every such case the MORTGAGEE shall have the right to manage and operate the Premises and to carry on the business thereof and exercise all rights and powers of the MORTGAGOR with respect thereto either in the name of the MORTGAGOR or otherwise as it shall deem best; and the MORTGAGEE shall be entitled to collect and receive all earnings, revenues, rents, issues, profits, and income of the Premises and every part thereof, and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals, replacements, alterations, additions, betterments, and improvements, and amounts necessary to pay for taxes, assessments, insurance and prior to other proper charges upon the Premises or any part thereof, as well as just and reasonable compensation for the services of the MORTGAGEE and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, the MORTGAGEE shall apply the moneys arising as aforesaid, first, to the payment of the Obligations, when and as the same shall become payable and second, to the payment of any other sums required to be paid by the MORTGAGOR under this Mortgage.

(c) Upon and after any such Event of Default, the MORTGAGEE shall have all of the remedies of a Secured Party under the Massachusetts Uniform Commercial Code, including without limitation the right and power to sell, or otherwise dispose of, the Collateral, or any part thereof, and for that purpose may take immediate and exclusive possession of the Collateral, or any part thereof, and

with or without judicial process, enter upon any Premises on which the Collateral, or any part thereof, may be situated and remove the same therefrom without being deemed guilty of trespass and without liability for damages thereby occasioned, or at MORTGAGEE's option MORTGAGOR shall assemble the Collateral and make it available to the MORTGAGEE at the place and at the time designated in the demand.

MORTGAGEE shall be entitled to hold, maintain, preserve and prepare the Collateral for sale. MORTGAGEE without removal may render the Collateral unusable and dispose of the Collateral on the MORTGAGOR's Premises. To the extent permitted by law, MORTGAGOR expressly waives any notice of sale or other disposition of the Collateral and other right or remedy of MORTGAGEE existing after default hereunder, and to the extent any such notice is required and cannot be waived, MORTGAGOR agrees that as it relates to this paragraph (c) only if such notice is marked, postage prepaid, to the MORTGAGOR at the above address at least five (5) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

(d) The MORTGAGEE, with or without entry, personally or by its agents or attorneys, insofar as applicable, may:

(i) sell the Premises to the extent permitted and pursuant to the procedures provided by law, and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, at one or more sale as an entry or in parcels, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; or

(ii) institute proceedings for the complete or partial foreclosure of this Mortgage;
or

(iii) apply to any court of competent jurisdiction for the appointment of a receiver or receivers for the Premises and of all the earnings, revenues, rents, issues, profits and income thereof;
or

(iv) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note, in this Mortgage or in any other agreement given by the MORTGAGOR to secure the Obligations, or in aid of the execution of any powers herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal equitable remedy or otherwise as the MORTGAGEE shall elect.

(e) The MORTGAGEE may adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, except as otherwise provided by any applicable provision of law, the MORTGAGEE, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(f) Upon the completion of any sale or sales made by the MORTGAGEE under or by virtue of this Section, the MORTGAGEE, or an officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to

the property and rights sold. The MORTGAGEE is hereby irrevocably appointed the true and lawful attorney of the MORTGAGOR, in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries to the Premises and rights so sold and for that purpose the MORTGAGEE may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, the MORTGAGOR hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. The power of attorney shall be deemed to be a power coupled with an interest and not subject to revocation. Nevertheless, the MORTGAGOR, if so requested by the MORTGAGEE, shall ratify and confirm any such sale or sales by executing and delivering to the MORTGAGEE or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of the MORTGAGEE, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue of this Section whether made under the power of sale herein granted or under or by virtue of judicial proceedings, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the MORTGAGOR in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against the MORTGAGOR and against any and all persons claiming or who may claim the same, or any part thereof from, through or under the MORTGAGOR.

(g) In the event of any sale made under or by virtue of this Section (whether made under the power of sale herein granted or under or by virtue of judicial proceedings), the entire principal of, and interest on, the Note, if not previously due and payable, and all other sums required to be paid by the MORTGAGOR pursuant to this Mortgage or under the Obligations, immediately thereupon shall, anything in the Obligations or in this Mortgage to the contrary notwithstanding, become due and payable.

(h) The purchase money, proceeds or avails of sale made under or by virtue of this Section, together with any other sums which then may be held by the MORTGAGEE under this Mortgage whether under the provisions of this Section or otherwise, shall be applied as follows:

First:

To the payment of the costs and expenses of such sale, including reasonable reimbursement to the MORTGAGEE, its agents and counsel, and of any judicial or non-judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the MORTGAGEE under this Mortgage, together with interest at the default rate specified in the Note on all advances made by the MORTGAGEE and all taxes or assignments, except any taxes, assessments or other charges subject to which the Premises shall have been sold.

Second:

To the payment of the whole amount then due, owing or unpaid upon the Obligations for principal, premium, if any, and interest, with interest on the unpaid principal at the default rate specified in the Note, from and after the happening of any Event of Default described above from the due date of any such payment of principal until the same is paid.

Third:

To the payment of any other sums required to be paid by the MORTGAGOR pursuant to any provisions of this Mortgage or of the Obligations.

Fourth:

To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same. In the event such purchase money, proceeds or avails of sale made under or by virtue of this Section, together with such other sums held by Mortgagee hereunder, shall be insufficient to make all of the payments provided in the foregoing clauses First, Second and Third, the MORTGAGEE may initiate proceedings for and collect such deficiency to the extent and in the manner required or permitted by law.

(i) Upon sale made under or by virtue of this Section, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the MORTGAGEE may bid for and acquire the Premises or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the indebtedness of the MORTGAGOR secured by this Mortgage the net sales price after deducting therefrom the expenses of the sale and the cost of the action and any other sums which the MORTGAGEE is authorized to deduct under this Mortgage. Without limiting its thereupon acquired rights as an owner of the fee simple estate in the Premises, the MORTGAGEE, upon so acquiring the Premises, or any part thereof, shall be entitled to hold, lease, rent, operate, manage, and sell the same in any manner provided by applicable laws.

ARTICLE FOUR

MISCELLANEOUS TERMS AND CONDITIONS

4.01. **Marshalling of Assets.** MORTGAGOR on its own behalf and on behalf of its successors and assigns hereby expressly waives all rights to require a marshalling of assets by MORTGAGEE or to require MORTGAGEE, upon a foreclosure, to first resort to the sale of any portion of the Premises or of the Collateral or any portion thereof which might have been retained by MORTGAGOR before foreclosing upon and selling any other portion as may be conveyed by MORTGAGOR subject to this Mortgage.

4.02. **Partial Release.** Without affecting the liability of any other person for the payment of any indebtedness herein mentioned (including MORTGAGOR should it convey said Premises or any interest therein) and without affecting the priority of the lien hereof upon any property not released, MORTGAGEE may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release or reconvey or cause to be released or reconveyed at any time all or any part of the Premises described herein, take or release any other security or make compositions or other arrangements with debtors. MORTGAGEE may also accept additional security, either concurrently herewith or hereafter, and sell the same or otherwise realize thereon before, concurrently with, or after sale hereunder.

4.03. **Non-Waiver.** By accepting payment of any sum secured hereby after its due date or late performance of any indebtedness secured hereby, MORTGAGEE shall not waive its right against any person obligated directly or indirectly hereunder or on any indebtedness hereby secured, either to require prompt payment when due of all other sums so secured or to declare default for failure to make

such prompt payment. No exercise of any right or remedy by MORTGAGEE hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law.

No delay or omission of the MORTGAGEE in the exercise of any right, power, or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence thereon.

Receipt of rents, awards, and any other monies or evidences thereof, pursuant to the provisions of this Mortgage and any disposition of the same by MORTGAGEE shall not constitute a waiver of the right of foreclosure by MORTGAGEE in the event of default or failure of performance by MORTGAGOR of any covenant or agreement contained herein or any note secured hereby.

4.04. **Protection of Security.** Should MORTGAGOR fail to make any payment or to perform any covenant as herein provided after applicable notice and any applicable cure period, MORTGAGEE (upon notice but without obligation to do so and without releasing MORTGAGOR from any obligation hereof) may: (i) make or do the same in such manner and to such extent as MORTGAGEE may deem reasonably necessary to protect the security hereof, MORTGAGEE being authorized to enter upon the Premises for such purposes; (ii) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights and powers of MORTGAGEE; (iii) pay, purchase, contest, or compromise any encumbrance, charge or lien which in the good faith judgment of MORTGAGEE is prior or superior hereto and, in exercising any such power, incur any liability and expend such reasonable amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title and reasonable attorney's fees. Any actual third party expenditures in connection herewith shall constitute part of the indebtedness secured by this Mortgage.

4.05. **Rules of Construction.** When the identity of the parties hereto or other circumstances make it appropriate, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The headings of each paragraph are for information and convenience only and do not limit or construe the contents of any provision hereby.

4.06. **Severability.** If any term of this Mortgage, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Mortgage, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Mortgage shall be valid and enforceable to the fullest extent permitted by law.

4.07. **Successors in Interest.** This Mortgage applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, executors, administrators, successors and assigns. All obligations of MORTGAGOR hereunder are joint and several. The term "MORTGAGEE" shall mean the holder and owner, including pledgees, of the Obligations secured hereby, whether or not named as MORTGAGEE herein.

4.08. **Notices.** All notices, requests, demands, waivers, and other communications given as provided hereunder will be in writing, and unless otherwise specifically provided in this instrument, will be deemed to have been given: (i) if delivered in person, upon delivery, or (ii) if mailed by certified or registered mail, postage prepaid, and addressed to MORTGAGOR or MORTGAGEE at the addresses provided above on the second business day after deposit in the

United States mail if addressed to an address located within the same state in which the notice is being mailed, or (iii) if sent by overnight express delivery service, enclosed in a prepaid envelope and addressed to MORTGAGEE or MORTGAGOR at the addresses provided below, on the first business day after deposit with the service, or (iv) if sent by tested telex, telegram, telecopy, or other form of rapid transmission confirmed by mailing (as provided in this paragraph), at substantially the same time as the rapid transmission. Either MORTGAGEE or MORTGAGOR may change its respective address as provided in this paragraph by giving written notice of the change as provided in this paragraph.

4.09. **Modifications.** This Mortgage may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification, or discharge is sought.

4.10. **Counterparts.** This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Mortgage.

4.11. **Incorporation of Statutory Provisions.** All covenants and conditions contained herein shall be construed as affording to the MORTGAGEE rights additional to, and separate from, the rights conferred by the MORTGAGOR's covenants made hereby that this Mortgage is upon the **STATUTORY CONDITION** for any breach of which **STATUTORY CONDITION** or the other covenants and conditions contained herein the holder shall have the **STATUTORY POWER OF SALE** are hereby incorporated by reference.

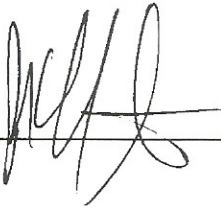
4.12. **Secondary Financing, etc.** Without the prior written consent of the MORTGAGEE, MORTGAGOR will not create or suffer to be created any liens, mortgages, security interests, or other encumbrances of any kind whatsoever against the Premises described herein, except for: (a) this Mortgage, (b) the liens and encumbrances listed as exceptions to title in the MORTGAGEE's title insurance policy insuring the lien of the Mortgage, which policy shall be reasonably acceptable to MORTGAGEE.

4.13. **Governing Law.** This Mortgage shall be construed according to and governed by the laws of the Commonwealth of Massachusetts.

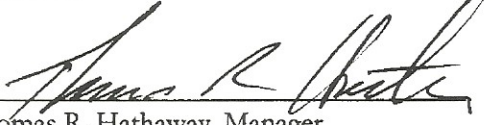
4.14. **JURY WAIVER.** THE MORTGAGOR ACKNOWLEDGES THAT MORTGAGOR HAS BEEN REPRESENTED BY COUNSEL AND THAT THIS DOCUMENT WAS AVAILABLE FOR REVIEW AND NEGOTIATION PRIOR TO ITS EXECUTION. THE MORTGAGOR HEREBY AGREES THAT ALL OF THE MORTGAGEE'S RIGHTS WERE THE RESULT OF NEGOTIATIONS BETWEEN MORTGAGOR AND MORTGAGEE AND WERE INDUCED IN A MATERIAL RESPECT BY THE BENEFITS GRANTED TO THE MORTGAGOR. THUS MORTGAGOR AND MORTGAGEE AGREE TO WAIVE TRIAL BY JURY AS TO ANY AND ALL MATTERS AND ISSUES WHICH MAY ARISE HEREFROM OR FROM ANY OTHER DOCUMENT, LETTER OR AGREEMENT EXECUTED IN CONJUNCTION HEREWITH.

[Signature Page to Follow]

EXECUTED AS A SEALED INSTRUMENT this 28th day of August, 2014.

Witness 

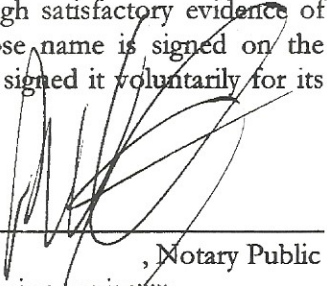
ARTH, LLC

By: 
Thomas R. Hathaway, Manager
Duly Authorized

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss


On this 28 day of August, 2014, before me, the undersigned notary public, personally appeared Thomas R. Hathaway, Manager of Arth, LLC and proved to me through satisfactory evidence of identification, which was personal knowledge, to be the person whose name is signed on the preceding or attached document and acknowledged to me that he/she signed it voluntarily for its stated purpose on behalf of said limited liability company.


_____, Notary Public
My commission expires _____



ACKNOWLEDGED AND ACCEPTED BY:

NUVO BANK & TRUST COMPANY


Witness

By: 
Michael P. Buckmaster, Vice President

COMMONWEALTH OF MASSACHUSETTS

Hampden, ss

On this 21 day of August, 2014, before me, the undersigned notary public, personally appeared Michael P. Buckmaster, Vice President of NUVO Bank & Trust Company and proved to me through satisfactory evidence of identification, which was personal knowledge, to be the person whose name is signed on the preceding or attached document and acknowledged to me that he/she signed it voluntarily for its stated purpose on behalf of NUVO Bank & Trust Company.


Jackalyn H. Guenette Notary Public
My commission expires: 2/27/15

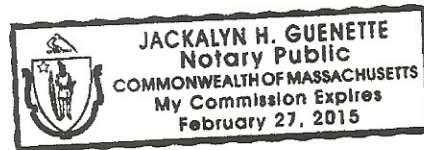


EXHIBIT "A"

39 HOOKER STREET, WESTHAMPTON, MA

A tract or parcel of land in Westhampton, Hampshire County, Massachusetts, known as the Henry Hooker Homestead and bounded as follows, viz:

Beginning at the northwest corner of the premises on the southerly side of the old Turkey Hill Road; thence

EASTERLY on line of land now or formerly of Eugene J. Hathaway to land now or formerly of William I. Edwards; thence

SOUTHWESTERLY and WESTERLY on line of land now or formerly of said Edwards to land now or formerly of H.M. Parsons; thence

NORTHERLY and WESTERLY on line of land now or formerly of said Parsons to land now or formerly of the heirs of Dr. J.A. Gridley; thence

NORTHERLY on line of said land to the place of beginning.

Reserving to the grantors, during their lifetimes, the right to passive recreational use, in common with the grantee, his successor and assigns, of the property and the cabin currently located thereon. Grantors right shall not permit them to allow others the use of the property unless accompanied by a grantor and shall be subject to reasonable rules established by the grantee from time to time.

EXHIBIT "B"

Permitted Exceptions

NONE