

MPOWER LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") is made this ____ day of _____, 20__ by and between _____, an Oregon _____, whose address is _____ ("Borrower"), and the MPOWER OREGON, LLC an Oregon limited liability company, whose address is 1020 SW Taylor St., Suite 585, Portland, OR 97205 ("Lender").

RECITALS:

A. Borrower intends to complete the efficiency measures at the ____ unit residential housing project in the City of _____, _____ County, Oregon, known as _____ (the "Project Property") described in and pursuant to that certain Efficiency Service Agreement by and between Borrower and Lender and dated of even date herewith (the "ESA"). The efficiency measures detailed in the ESA will be referred to in this Agreement as the "MPower Project."

B. Lender has agreed to make a loan to Borrower in the amount of \$ _____ (the "Loan"), on the terms and conditions stated herein and in that certain ESA.

C. The Loan will be evidenced by a Promissory Note (the "Note"), and a Memorandum of the ESA.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1 REPRESENTATIONS, WARRANTIES, AND COVENANTS OF BORROWER

To induce Lender to enter into this Agreement and to make the Loan provided for in this Agreement, Borrower represents, warrants, and covenants as follows:

1.1. Existence. Borrower is a _____, duly organized and validly existing under the laws of the State of Oregon.

1.2. Organization Documents. Borrower has provided Lender true, correct, and complete copies of Borrower's [and Borrower's general partner's] [and all guarantors'] organization documents, consisting of (i) _____ dated _____, (ii) _____ dated _____, and (iii) _____ dated _____ (collectively, the "Organization Documents"), all of which are in full force and effect as of the date hereof. [_____ is the [sole] general partner of Borrower.]

1.3. Authority. Borrower has full power and authority to conduct all of the activities that are now conducted by it or proposed to be conducted by it in connection with the MPower Project and as contemplated by this Agreement, to execute, deliver, and perform this Agreement, the Note, the ESA, and all of the other loan documents that Borrower is required to execute, deliver, and perform by the terms of this Agreement (collectively, the "Loan Documents"). The resolutions of Borrower [and Borrower's general partner] submitted to Lender authorizing the borrowing contemplated herein and listing the individuals authorized to act on behalf of Borrower [and Borrower's general partner] are in full force and effect as of the date hereof. Borrower will execute and deliver the Loan Documents promptly when required and will perform and discharge each and every covenant and obligation of Borrower contained in this Agreement and the other Loan Documents in good faith and with due diligence.

1.4. Title. Borrower owns or controls and holds (or will own and hold, immediately following Closing, as defined below) fee simple title to the Project Property.

1.5. Financial Statements.

a. Current Statements. Borrower has furnished current financial statements to Lender, prepared in accordance with generally accepted accounting principles, which are hereby represented and warranted to be true and complete as of their date and to fairly represent the respective financial conditions of Borrower [and Borrower's general partner] [and all guarantors], and Lender has relied on such financial statements in agreeing to advance funds hereunder. There has been no significant change in the financial condition of Borrower [or Borrower's general partner] [or any guarantor] from that shown in such financial statements. Borrower agrees at all times to keep Lender fully informed of the status and financial condition of Borrower [and Borrower's general partner] [and all guarantors], and will disclose to Lender all material facts necessary to make all previous disclosures not misleading. Lender shall have full and complete access at all times to Borrower's [and Borrower's general partner's] [and all guarantors'] current financial records.

b. Ongoing Statements. Borrower will furnish to Lender throughout the term of the Loan (i) annual CPA-prepared financial statements for Borrower [and Borrower's general partner] [and all guarantors], delivered to Lender within ninety (90) days of the end of such entity's [or person's] fiscal year, and [(ii) if requested by Lender, or if Borrower's [or Borrower's general partner's] CPA-prepared financial statements are not audited or reviewed, annual tax returns, complete with all schedules, including K-1 statements for any partnership or S-corporation in which Borrower [or Borrower's general partner] has an interest]. Within fifteen (15) days of Lender's written request, Borrower will furnish to Lender current financial statements and rent rolls for the Project Property.

1.6. Liabilities; Litigation. Except as provided in the Agreement, as that term is defined in the ESA, Borrower [and/or Borrower's general partner] has no direct or contingent liabilities involving significant amounts known to Borrower [or Borrower's general partner] and not previously disclosed to Lender in writing. There is no litigation, prosecution, investigation, or proceeding of any nature whatsoever now pending or to the best of Borrower's knowledge threatened against Borrower [or Borrower's general partner].

1.7 Binding Obligations. This Agreement and the other Loan Documents when executed by Borrower and delivered to Lender will be the valid and binding obligations of Borrower, enforceable in accordance with their terms except as the same may be limited by bankruptcy, insolvency, reorganization, or similar laws or general principles of equity affecting creditors' rights generally.

1.8. Effect of Loan Documents. The execution, delivery, and performance of this Agreement, the execution and payment of the Note, and the execution of, and granting of security interests under, the ESA and any of the other Loan Documents will not constitute a breach or default under any other agreement to which Borrower is a party or may be bound or affected, or a violation of any law, regulation, or court order that may affect Borrower, the Project Property or the use thereof.

1.9 Non-Foreign Person Status. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended.

1.10 Use of Loan Proceeds. Borrower will use the Loan proceeds only for completion of the MPower Project as described in the ESA.

1.11 Performance by Borrower. Borrower will punctually and promptly pay when due the principal of, and all interest on, the indebtedness evidenced by the Note and all other charges, fees, and sums that may become due under the Loan Documents. Borrower will take all actions and do all things necessary to cause each and every covenant, warranty, condition, agreement, obligation, and/or requirement contained in this Agreement, and the other Loan Documents to be fully and faithfully performed and satisfied in accordance with the terms thereof.

1.12 Upgrade Issues. Borrower is aware of no identifiable issue(s) that would preclude completion of the MPower Project.

1.13 Changed Circumstances. At all times during the Loan term, Borrower will promptly notify Lender in writing if for any reason any of the foregoing representations or warranties becomes untrue in any material respect, or if Borrower is unable for any reason to comply in any material respect with any of the foregoing covenants.

1.14 Borrower, any partner of Borrower, or any principal of Borrower is not currently debarred, suspended, excluded or disqualified by the Department of Treasury or any other Federal department or agency.

ARTICLE 2 CONDITIONS PRECEDENT TO FUNDING

Prior to disbursement of the Loan proceeds to Borrower (the "Closing"), the following conditions must be satisfied:

2.1 Execution of Documents. Execution by Borrower and Lender of this Agreement and all other Loan Documents requiring Borrower's signature and, where appropriate, acknowledgment of the Loan Documents.

2.2 Insurance. Receipt by Lender of satisfactory evidence that Borrower has obtained commercial general liability insurance coverage and property liability insurance coverage in the minimum amounts required by the ESA.

2.3 Organization Documents. Receipt by Lender of copies of Borrower's [and Borrower's general partner's] [and all guarantors'] Organization Documents in effect as of the date hereof.

2.4 Resolutions. Receipt by Lender of complete copies of resolutions of Borrower [and Borrower's general partner] [and all guarantors] authorizing the Loan [and the Guaranty(ies)] contemplated herein and listing the individuals authorized to act on behalf of Borrower [and Borrower's general partner] [and all guarantors].

2.5 ESA. Execution of the ESA with all approved exhibits attached, including the fully executed Construction Agreement.

[2.6 Guaranty. Receipt by Lender of the duly executed Guaranty of _____, in form provided by Lender.]

[2.7 Lead and/or Asbestos Certification]

[Construction items listed on MPower checklist]

ARTICLE 3 TERMS OF LOAN

3.1 Agreement to Lend. Upon satisfaction of the conditions precedent, Lender agrees to lend to Borrower the up to the principal sum set forth in the Note and pursuant to the advance conditions set forth in the Note.

3.2 Payment. The terms for repayment of the Loan are set forth in the Note.

ARTICLE 4 SECURITY AGREEMENT

4.1 Security Interest. As security for the full and prompt payment and performance of the Loan Documents, Borrower grants to Lender a security interest in the Efficiency Measures (as defined in the ESA). Borrower hereby authorizes Lender to record the Memorandum of the ESA or alternative evidence of such security interest that Lender deems reasonably necessary to perfect and continue Lender's security interest in the Efficiency Measures. Borrower will sign other documents and take other actions reasonably necessary to further effect and evidence Lender's security interest in the Efficiency Measures.

ARTICLE 5 EXPENSES

5.1 Loan Expenses. With respect to collection of the debt or enforcement of this Agreement, Borrower agrees to pay reasonable attorney fees and collection costs even though no civil action is filed and, if a civil action is filed, such additional sum as the trial judge or the appellate court may adjudge reasonable as attorney fees in the action and the appeal, if any, along with statutory costs and disbursements.

ARTICLE 6 EVENTS OF DEFAULT

The occurrence of any one or more of the following shall be an event of default (“Event of Default”) under this Agreement and the other Loan Documents:

6.1 Non-Payment. Borrower fails to pay any installment of principal or interest on the Note or any other sum due under the Loan Documents when due, subject to any applicable grace period contained in the Note or the other Loan Documents.

6.2 Other Non-Compliance. Borrower fails to perform or comply with any other covenant or condition to be performed or satisfied by Borrower under this Agreement or the other Loan Documents within thirty (30) days after written notice from Lender to perform or satisfy the covenant or condition or, if such performance or compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure by Borrower to commence the required performance or compliance within such 30-day period and thereafter to continue such performance or compliance with diligence to completion.

6.3 Non-Compliance with Governmental Regulations. Borrower fails to show evidence of full or substantial compliance with any requirement of any governmental authority having jurisdiction over the MPower Project within thirty (30) days after notice in writing of such requirement is given to Borrower by Lender or, if such compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure by Borrower to commence the required compliance within such 30-day period and thereafter to continue such compliance with diligence to completion.

6.4 Other Material Breach. Borrower otherwise materially breaches any term, covenant, condition, provision, representation, or warranty of Borrower under this Agreement or the other Loan Documents and fails to cure such breach within thirty (30) days after notice in writing of such breach is given to Borrower by Lender or, if such breach cannot be cured within such 30-day period through the exercise of reasonable diligence, the failure by Borrower to commence the required cure within such 30-day period and thereafter to continue such cure with diligence to completion.

6.5 Untruth of Representations and Warranties. Any representation or warranty of Borrower in any of the Loan Documents, or in any certificate, agreement, instrument, or other document made or delivered pursuant to or in connection with any of the Loan Documents proves to have been untrue or incorrect in any material respect when made.

6.6 Seizure of Property. All or any material portion of Project Property is condemned, seized, or appropriated by any governmental agency.

6.7 Changed Financial Condition. There is a material adverse change in the financial condition of Borrower [or Borrower’s general partner] [or any guarantor] from the financial condition of such entity or person as of the date hereof, and Borrower fails to present evidence satisfactory to Lender that such condition has been remedied within thirty (30) days after written notice by Lender to Borrower.

6.8 Default under Other Financing. The occurrence of an event of default, which has not been cured within any applicable cure period, under any instrument evidencing or securing any other financing secured by the Project Property.

6.9 Other Default. The occurrence of an event of default, which has not been cured within any applicable cure period, as defined in any of the other Loan Documents.

6.10 Bankruptcy and Related Matters. Borrower [or Borrower's general partner] [or any guarantor]: (i) files a voluntary petition in bankruptcy, or such petition is filed against such person or entity and is not dismissed within 60 days after filing, (ii) files any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief for itself under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, or (iii) seeks or consents to or acquiesces in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any part of the Project Property or of any or all of the royalties, revenues, rents, issues, or profits thereof, or makes any general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due.

6.11 Reorganization or Dissolution. A court of competent jurisdiction enters an order, judgment, or decree approving a petition filed against Borrower [or Borrower's general partner] [or any guarantor] seeking any reorganization, dissolution, or similar relief under any present or future federal, state, or other statute, law, or regulation relating to bankruptcy, insolvency, or other relief for debtors, and such order, judgment, or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof, or any trustee, receiver, or liquidator of Borrower or of all or any part of the Project Property or of any or all of the royalties, revenues, rents, issues, or profits thereof, is appointed without the consent or acquiescence of Borrower and such appointment remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive).

6.12 Attachment. A writ of execution or attachment or any similar process is issued or levied against all or any part of or interest in the Project Property or any judgment involving monetary damages is entered against Borrower [or Borrower's general partner] [becomes a lien on the Project Property or any portion thereof or interest therein, and such execution, attachment, or similar process or judgment is not released, bonded, satisfied, vacated, or stayed within sixty (60) days after its entry or levy.

6.13 Transfer. Except for any rental agreement or lease of the residential units or commercial spaces of the Project Property, any transfer of all or any part of the Project Property without the prior written consent of Lender, or any transfer of a majority or controlling ownership interest in Borrower without the prior written consent of Lender, all as more particularly set forth in the Note.

ARTICLE 7 REMEDIES

Upon the occurrence of an Event of Default, Lender may, but shall not be required to, exercise any one or more of the following remedies in addition to those remedies provided by law:

7.1 Acceleration. Declare the entire Loan amount and all other sums owed under the Note and the other Loan Documents immediately due and payable.

7.2 Other Remedies. Exercise or pursue any other remedy or cause of action permitted by this Agreement, the other Loan Documents, or applicable law.

ARTICLE 8 ASSIGNMENT

8.1 Borrower Assignment. Borrower may not convey, assign, mortgage, pledge, transfer, hypothecate, encumber, or otherwise dispose of its rights or obligations under this Agreement, the other Loan Documents, or the Project Property without the prior written consent of Lender; except that Borrower may enter into rental agreements or leases for the residential units and commercial spaces located in the Project Property without the prior written consent of Lender. A breach of this provision, directly or indirectly, shall be an Event of Default and shall not vest any rights in the purported transferee.

8.2 Lender Assignment. Lender may assign its rights and obligations in and to this Agreement and the

other Loan Documents, to another lender or lenders having the financial ability to perform Lender's obligations. Any such assignment by Lender shall be deemed to have been made pursuant to this Agreement and not to be a modification hereof, and the disbursements made by any such assignee hereunder shall be evidenced and secured by the Note. Lender shall also have the right to sell participation or syndication interests in the Loan and the Loan Documents, or to assign its interest in the Loan and the Loan Documents as security for any loan made to Lender to enable it to make the Loan to Borrower.

ARTICLE 9 MISCELLANEOUS

9.1 Time of the Essence. Time is of the essence of this Agreement and the other Loan Documents.

9.2 Notices. All notices, demands, requests, or other communication of any kind (a "notice") that any party may be required or may desire to serve upon another party hereunder or under the other Loan Documents shall be sufficient if given or made in writing and shall be deemed delivered (a) when actually delivered to the addressee personally or at the address specified above, or (b) three (3) calendar days after the notice has been deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the party at the address specified above. Rejection or refusal to accept a notice, or inability to deliver a notice because of changed address of which no notice of changed address was given, shall constitute delivery of any such notice to the addressee. Any party hereto may, by delivery of notice to the other party, designate a different address.

9.3 Waiver and Estoppel. Lender may at any time and from time to time waive any one or more of the conditions contained in this Agreement, but any such waiver shall be deemed to be made pursuant to this Agreement and not in modification thereof, and any such waiver in any instance or under any particular circumstances shall not be construed a waiver of any other condition or of any subsequent default. The failure of Lender to promptly exercise its rights or remedies shall not be deemed to be a waiver or grounds for the claim of estoppel.

9.4 Agreement Binding. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto. This Agreement is made and entered into for the sole protection and benefit of Lender and Borrower and their permitted successors and assigns. No trust fund is created by this Agreement and no other persons or entities will have any right of action under this Agreement or any right to the Loan funds.

9.5 Relationship of Parties. All parties hereto agree and understand that in no event and under no circumstances shall the relationship between Lender and any other parties hereto be deemed a joint venture or partnership. All parties hereto covenant and agree that in no event and under no circumstances shall Lender be required to do any act or not do any act that would result in Lender's being held to be responsible for the payment of any state or federal employee withholding tax. Borrower covenants and agrees to remain current at all times in the payment of any state or federal employee withholding tax.

9.6 Complete and Final Agreement. This Agreement and the other Loan Documents are the complete and final agreement of the parties and no provision can or will be waived or modified by conduct or oral agreement either before or after execution of this Agreement.

9.7 Captions. The captions and headings in this Agreement are merely for convenience, and are not substantively a part of this Agreement.

9.8 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of Oregon.

9.9 No Representation Regarding Tax Benefits. Borrower shall rely solely on Borrower's tax and legal advisors for any determination of the availability of any tax advantages or consequences of the Loan and Borrower's ownership and operation of the Project Property.

9.10 Further Assurances. The parties agree to execute and deliver such further documents, instruments,

and other agreements as are necessary or convenient to carry out the terms and purposes of this Agreement.

9.11 Incorporation of Recitals and Exhibits. The Recitals set forth at the outset of this Agreement and the Exhibits attached hereto are incorporated into this Agreement by this reference.

9.12 Statutory Notice. **UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY LENDER CONCERNING LOANS AND OTHER CREDIT EXTENSIONS THAT ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY AN OFFICER OF LENDER TO BE ENFORCEABLE.**

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date first written above.

[Signatures appear on next page.]

BORROWER:

_____, an Oregon _____

By: _____
Name: _____
Title: _____

LENDER:

MPOWER OREGON, LLC, an Oregon limited liability
company

By: _____
William A. Van Vliet, President

By: _____
Faith Graham, Managing Director