

NH Banking Commission  
53 Regina Drive  
Suite 200  
Concord, NH 03301

November 17, 2009

Gentlemen:

Regarding any claims related to the closure of CL&M LLC and the related entities, please find enclosed the loan documentation for a [REDACTED] Realty Trust dated February 26, 2007 in the original amount of \$100,000.00, secured by guaranty issued by Scott Farah and secured by a life insurance policy on the life of Scott Farah.

We hope that you will find this information in your investigation of the defaulter and helps in the recovery any available assets.

Very truly yours, / /  
[REDACTED]

Exhibit to:

Appendix A Page A-15  
Paragraph 6

PROMISSORY NOTE

\$ 100,000.00

February 26, 2007  
Meredith, New Hampshire

FOR VALUE RECEIVED, The undersigned ("Maker"), jointly and severally does hereby promise to pay to the order of [REDACTED], [REDACTED], [REDACTED] (Holder"), the principal sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS.

The entire sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS, as evidenced by this Note, shall be due and payable as a balloon payment on December 26, 2007. Interest is at the rate of 20.0% annually, with a monthly payment starting 3/26/2007, in the amount of \$1666.67.

It is hereby expressly agreed the entire sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS shall become immediately due and payable, and the holder may decline to disburse any additional monies in connection with this loan arrangement, if applicable, upon the occurrence of any of the following: (i) voluntary or involuntary filing of a petition in bankruptcy by or against the undersigned; (ii) execution of an agreement for the benefit of creditors by the undersigned; (iii) sale, transfer, or assignment of any part of the collateral secured by this Promissory Note, or, (iv) the undersigned, jointly and/or severally, shall become unable to pay his/hers/its financial obligations as they become due and, Holder, in his/her/its sole discretion, deems the financial condition and stability of the undersigned to be unsatisfactory.

The liability of the undersigned hereunder shall be absolute and unconditional without regard to the liability of any other party. Each and every party to this instrument, either as maker, endorser, guarantor, surety, or otherwise, hereby waives presentment, demand for payment, notice of dishonor, protest, and any and all notices and demands in connection with the performance, default or enforcement of this Note, and consents to any and all extensions or postponements of the time payment or other indulgences, renewals, waivers, substitutions, exchanges, releases of collateral granted or permitted by the Holder.

The Maker agrees to pay all costs of collection, including a reasonable attorney's fee, if the Note, including any interest thereon, is not paid promptly when due, and the same is given to any attorney for collection, whether or not suit is brought.

THIS NOTE IS A CONTRACT FOR A SHORT-TERM LOAN. THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE ON THE LOAN ALONG WITH ANY INTEREST AND FEES AT THAT TIME. FAILURE TO DO SO SHALL RESULT IN LEGAL ACTION. THE HOLDER OF THE NOTE IS UNDER NO OBLIGATION TO EXTEND THE TERMS OF PAYMENT, OR REFINANCE THIS OBLIGATION.

Exhibit to:

Appendix A Page A-15  
Paragraph 6

PROMISSORY NOTE

\$100,000

September 1, 2008  
Meredith, NH

FOR VALUE RECEIVED, the undersigned promises to pay to the order of [REDACTED], with an address of [REDACTED] or such other place as the holder of this Note may designate, the principal sum of ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS with interest from the date of this Note until the principal sum is paid. The said principal sum and interest shall be payable at the above address or any other place as the holder hereof may designate in writing, in consecutive monthly installments each month, commencing the 1st day of October, 2008, and on or before the same day of each and every month until paid in full on or before September 1, 2009.

1. Payment Terms.

- a. **Monthly Interest Only Installment:** Fifteen Hundred Dollars & no Cents (\$1500.00)
- b. **Interest rate:** Eighteen (18%) percent per annum.
- c. **Baloon Date:** Twelve (12) months from the date of this Note

2. Default. If Borrower fails to pay when due any installment under this Note and such installment remains unpaid for a period of thirty (30) days after its due date, or if Borrower defaults under any of the terms of any other loan document securing this Note, then (at the option of the Holder) the entire principal amount outstanding and accrued interest thereon shall at once become due and payable. The Holder may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance.

3. Late Charge. Borrower shall pay to the Holder a late charge of five percent (5%) of any installment not received by the Holder within fifteen (15) days after the installment is due.

4. Prepayment. Borrower may prepay the principal amount outstanding in whole or in part, without penalty.

5. Waiver of Presentment, Etc. Borrower hereby waive demand, presentment, notice of dishonor and protest.

Exhibit to:

Appendix A Page A-15  
Paragraph 6

12. Cumulative Rights. All of the rights and remedies of the Holder whether evidenced hereby or by any other loan document or by any other agreement, instrument or paper, or by any statute, rule, rule of law, or equitable doctrine, shall be cumulative and Holder may exercise any of them singularly, concurrently, or successively, and the Holder shall have no duty as to the collection or protection of any collateral held by it or the income thereon, nor as to the preservation of any rights pertaining thereto. The liabilities and obligations of the Borrower under each loan document by which the Borrower is bound are cumulative and not exclusive.
13. Application of Payments. Unless applicable law provides otherwise, all payments received by Holder shall be applied first to any costs of collection, including attorney's fees, second to late charges, third to interest due under this Note and last to principal due under this Note.
14. New Hampshire Contract. This Note constitutes a New Hampshire contract to be governed by the laws of the State of New Hampshire, to be paid and performed within said state.
15. Severability. The provisions of this Note are severable such that, if any provision hereof shall be declared invalid, void or unenforceable by any court of competent jurisdiction, the remainder hereof shall be unaffected thereby.
16. Construction.
- a. **Number/Gender.** All of the words, terms and phrases in this Note, regardless of the number and gender in which used, shall be construed to include any other number
  - b. (singular or plural) and any other gender (masculine, feminine or neuter) as the context of any provision hereof may require in the same manner as if any such word, term or phrase had been fully and properly written in number and gender.
  - c. **Borrower.** The term "Borrower" as used in this Note includes any maker, guarantor, surety, endorser or obligor of or under this Note as indicated by their signatures here-on as the context may require and any heir, administrator, executor, successor, legal representative and/or assign of any of them.

Exhibit to:

- d. **Holder.** The term "Holder" as used in this Note includes any heir, administrator, executor, successor, legal representative or assign of the Holder as the context may require.
- e. **Loan Document.** The term "Loan Document" as used in this Note includes this Note, any document given as security for this Note as detailed in Paragraph 17 of this Note, and any other agreement by and between Holder and Borrower. Each loan document is incorporated herein by reference.
17. Accrual of Interest. The interest rate fixed in this Note, shall continue to accrue on the unpaid principal balance thereof until said balance is paid or collected by the Holder in full, notwithstanding demand, default, acceleration or commencement of suit or other collection proceedings.
18. Replacement note. This note replaces Note, in the same amount, from Scott D. Farah, Maker, dated February 26, 2007.

EXECUTED this 1<sup>st</sup> day of SEP., 2008.

  
Witness

SMM 2007 Realty Trust, Borrower  
Dodge Financial Inc., Trustee

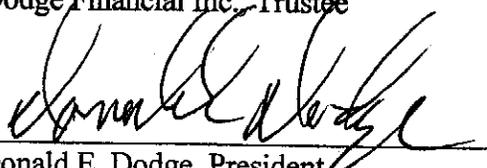
  
Donald E. Dodge, President  
Dodge Financial Inc., Trustee  
P.O. Box 7017  
Guilford New Hampshire 03247

Exhibit to:

Appendix A Page A-15  
Paragraph 6

## GUARANTY

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, SCOTT D. FARAH, with a mailing address of P.O. Box 1404 Meredith, NH 03253, does hereby guarantee prompt payment to the Lender [REDACTED], with an address of [REDACTED], its successors and assigns, (the "Lender"), the sum of ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS owed by [REDACTED] REALTY TRUST udt January 4, 2007, with a mailing address of [REDACTED] (the "Debtor" and/or the "Obligor") to the Lender.

The foregoing debt together with interest at the rate of Eighteen percent (18%) per annum are collectively referred to as the Indebtedness under a certain Promissory Note, of even date, ("Note"), and all costs and expenses, including counsel fees, which maybe incurred in the collection of said obligations from the Borrower (herein collectively referred to as "Obligations" and singularly called "Obligation"). Guarantor further guarantees to Lender that Borrower will fully and punctually perform each and every agreement, covenant and condition of said Note and the undersigned agrees with the Lender as follows:

1. The undersigned Guarantor(s) hereby unconditionally and irrevocably guarantees the prompt payment and performance of all debts and obligations owing by [REDACTED] REALTY TRUST, (the "Obligor") to the Lender or remaining unpaid by the Obligor to the Lender under the Obligations.
2. Guarantor hereby waives all suretyship defenses and defenses in the nature thereof and waives all notices whatsoever in respect to this Guaranty including notice of Lender's acceptance hereof, Lender's intention to act, Lender's action in reliance hereon, the present existence or future incurring of any Liability, the terms or amounts thereof, and any default thereon.
3. The liability of the Guarantor(s) hereunder shall be absolute, unconditional and continuing and shall not be diminished or affected by any lack of validity or enforceability of any Obligations or any change in the time, manner or place of payment

of or in any other term of the Obligations or any other law, regulation or other circumstance which might otherwise constitute a defense available to, or a discharge of, the Obligor in respect of any or all of the Obligations.

4. The liability of the Guarantor(s) hereunder shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Lender in connection with any duties or liabilities of the Obligor to the Lender. The Lender, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, may grant time, renewals, extensions or indulgences to the Obligor or take or abstain from taking securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor or otherwise deal with the Obligor and all other persons and securities as the Lender may see fit.

5. The Lender shall not be bound or obligated to exhaust its recourse against the Obligor or other persons or any securities or collateral it may hold or take any other action (other than to make demand pursuant to Section 6 below) before being entitled to demand payment from the Guarantor(s) hereunder.

6. The Guarantor(s) shall not claim any set-off or counterclaim against the Obligor in respect of any liability of the Obligor to the Guarantor(s).

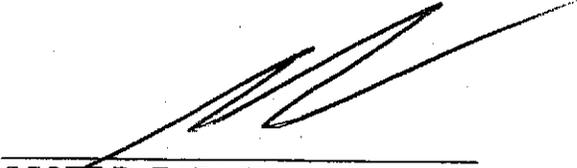
7. The Guarantor(s) shall make payment to or performance in favor of the Lender of the Obligations of the Guarantor(s) forthwith after demand therefor is made to the Guarantor(s). The Lender shall be entitled to make demand upon the Guarantor(s) at any time upon a default in payment of any amount owing by the Obligor to the Lender and upon such default the Lender may treat all Obligations as due and payable and may forthwith collect from the Guarantor(s) the total amount guaranteed hereunder. Lender may forthwith recover from any or all Guarantors the whole amount due, notwithstanding that Lender is unable to pursue or exhaust its remedies against Borrower, whether as a consequence of intervening bankruptcy of Borrower, or for any other reason whatsoever. Lender shall not be bound to exhaust its recourse against Borrower or other persons or upon any collateral or liens it may hold before being entitled to payment from Guarantor of the Liabilities. This is a guaranty of payment, when due, and not merely of collectability.

8. The Guarantor(s) hereby waives notice of acceptance of this instrument.
9. Guarantor hereby, assigns to Lender all rights of subrogation which Guarantor may from time to time have against Borrower. Borrower agrees that Lender may exercise all rights attendant to such subrogation claims as it sees fit without the prior consent of Guarantor.
10. General Provisions. This Guarantee shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Guarantor(s) and the Lender. This Guarantee constitutes the entire agreement between the Lender, the Obligor and the Guarantor(s) with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. The Guarantor(s) may not assign its obligations under this Guarantee. This Guarantee shall be governed by and construed in accordance with the laws of the State of New Hampshire and the laws of the United States of America applicable therein.

This Guaranty shall continue in full force and effect until all Liabilities are satisfied in full.

IN WITNESS WHEREOF the Guarantor has set his hand this 1 day of Sep, 2008

  
WITNESS

  
SCOTT D. FARAH

POLICY SCHEDULE

FORM NUMBER	TYPE OF COVERAGE	EXPIRATION DATE	FACE AMOUNT	*ANNUAL PREMIUM	RATING CLASSIFICATION
RT-97	RENEWABLE AND CONVERTIBLE TERM	10/30/2058	\$15,000,000	\$27,000.00	STANDARD PLUS NONTOBACCO
	POLICY FEE			\$50.00	
			TOTAL	<u>\$27,050.00</u>	

MAXIMUM ANNUAL PREMIUM: YEAR 1 \$27,050.00  
 YEARS 2+ SEE SCHEDULE PAGE 3A

\* PREMIUMS MAY BE CHANGED AS PROVIDED IN THE CHANGE OF PREMIUM PROVISION, BUT THE ANNUAL PREMIUM WILL NOT EXCEED THE MAXIMUM ANNUAL PREMIUM SHOWN.

PREMIUM MODE: QUARTERLY  
 PREMIUM DUE DATE: 10/30

PREMIUM MODES AVAILABLE:	ANNUAL	SEMI-ANNUAL	QUARTERLY	PAC
	\$27,050.00	\$13,795.50	\$7,033.00	\$2,366.88

END OF CONVERSION PERIOD: 10/29/2027

END OF EXCHANGE PERIOD: 10/29/2027

INSURED: SCOTT FARAH  
 ISSUE AGE & SEX: 44 MALE  
 OWNER: FINANCIAL RESOURCES

TERM PERIOD: 20 YEAR  
 ISSUE DATE: 10/09/2007  
 POLICY DATE: 10/30/2007  
 POLICY NUMBER: [REDACTED]



# BannerLife® Insurance Company

1701 Research Boulevard  
Rockville, MD 20850

**RIGHT TO EXAMINE POLICY FOR 20 DAYS.** Within 20 days after this policy is received, it may be returned to the agent through whom it was purchased or to our home office. We will pay the Face Amount to the Beneficiary if the Insured dies while this policy is in force. Such payment will be subject to the provisions of this policy.

**READ YOUR POLICY CAREFULLY** - This policy is a legal contract between the policy owner and Banner Life Insurance Company.

In this policy, Banner Life Insurance Company will be referred to as "we", "our" or "us".

We will pay the face amount to the beneficiary if the insured dies while this policy is in force. Such payment will be subject to the provisions of this policy.

All payments are subject to the terms of this policy. The following pages are part of this policy.

This policy is issued in consideration of the application and of the payment of the first premium as provided herein. A copy of the application is attached and is made a part of the policy.

Signed for Banner Life Insurance Company at its home office in Rockville, Maryland, on the policy date.

*Byron R. Newcombe*  
Secretary

*David S. Lenzburg*  
President

## Renewable and Convertible Term Life Insurance

A change of premium provision is applicable subject to guaranteed maximum premiums

The face amount is payable at death prior to expiration date

Nonlevel premiums are payable as shown in the policy schedule to the expiration date or until the death of the insured

This policy is renewable to the expiration date

This policy is convertible to the end of the conversion period

This policy is nonparticipating and no dividends are payable

RT-97

Exhibit to:

Appendix A Page A-15  
Paragraph 6

