

LOAN AGREEMENT

Date: _____

FOR AND IN CONSIDERATION of the mutual covenants and promises contained herein borrowers and lender agree as follows:

ARTICLE 1. LOAN, NOTE, CHATTEL AND LEASEHOLD MORTGAGESA. AMOUNT AND PURPOSE. For the purpose of financing the Home Renovation (Project) as more particularly described in EXHIBIT "A" attached hereto and made part hereof. Lender shall lend to Borrowers and Borrowers shall borrow from Lender an amount not to exceed _____ (Loan). As used in this loan agreement, the term of the Project includes the real property and Buildings and all Equipments, inventory, fixtures and supplies purchased for or used thereon.

1. B. NOTE. The debt created by the loan shall be evidenced by a promissory note (Note) to be executed by and Borrowers and payable to Lender. The note shall be for a term of not greater than _____ bear interest at the rate of, **7.0%** percent per annum, be payable in monthly instalments, and shall contain such other terms and conditions as are satisfactory to Lender. Interest shall accrue on the principal of the note only in respect of the amount which have been advanced to Borrowers.

1.C. LOAN CLOSING. Lender and Borrowers may from time to time change the amount required to enable Borrowers to complete the project. If a reduction in the maximum amount of the loan is agreed upon, Lender shall credit the Note in an amount equal to such reduction, and the principal amount of the Note shall be correspondingly reduced. When it is agreed that no further funds are required to be advanced, the parties shall execute a loan closing certificate which shall, among other things, specify the date of the closing of the loan and the amount of unpaid principal of and the accrued and unpaid interest on the note.

1.D. **MORTGAGES.** The Note may be secured by the Leasehold and/or a Chattel Mortgage, both in form and substance satisfactory to Lender, and in the case of Leasehold Mortgage covering all real property of the Project and in the case of the Chattel Mortgage covering all personal property acquired for the project, (Chattel Mortgage)

1.E. **LOAN DOCUMENT; SECURITY AGREEMENTS.** The Note, Chattel Mortgage, Leasehold Mortgage, and such other security agreements as may be executed by the parties, are herein collectively referred to as Loan Documents. All security Assignments are herein collectively referred to as Security Agreements.

ARTICLE 2. BORROWERS REPRESENTATIONS AND WARRANTIES

2A. EXECUTION AND DELIVERY OF DOCUMENT. When this Loan Agreement is executed by Borrowers and Lender, and when the Note is executed and delivered by Borrowers for value, each such instrument shall constitute the legal, valid, and binding obligation of Borrowers in accordance with their terms; and upon execution and delivery, the Security Agreements shall constitute legal, valid, and binding liens in favour of Lender free and clear of all prior liens and encumbrances.

2B. TITLE. Borrowers shall have good and marketable title to the property encumbered by the Security agreements, free and clear of all defects, liens, and encumbrances, excepting only liens for taxes, assessments, governmental charges or levies not yet delinquent or payable without penalty or interest, and such liens and encumbrances as may be approved in writing by Lender.

2C. GOVERNMENTAL APPROVALS. Borrowers has obtained all Governmental Authorisations, certificates, permits and approval to the extent required by law in connection with the execution and observance and performance of the transaction contemplated by this Loan Agreement and Loan Documents.

2D. COMPLIANCE WITH OBLIGATION; CONSENT OF THIRD PARTIES. Borrowers is not in default of any obligations, covenants, or condition, contained in any bond, debenture, Note, or other evidence of indebtedness or any Mortgage or any collateral instrument securing the same; and borrowers have obtained all necessary approvals or consents required with respect to this transaction by any mortgagor, creditor, utility or other parties having any financial interest in Borrowers or the property encumbered by the security agreements.

2E. LITIGATION. Borrowers is not involved in or threatened with any litigation or other proceeding which may substantially and adversely affect borrower's financial condition.

2F. SUBORDINATION. The obligations of borrowers under this Loan Agreement and the loan documents are not subordinate in right of payment to any other obligation of Borrowers.

2G. TAXES. Borrowers have paid in full all personal and real property taxes levied by any taxing agency against the Borrower's property.

2H. UTILITIES. Borrowers have paid in full all amounts due and payable in respect to all utility services, including but not limited to telephone, water and sewer and electrical supplied to the project and shall comply with all regulations and laws regarding the installation and maintenance of such utilities.

2I. CHARACTER OF REPRESENTATIONS AND WARRANTIES. To the best of the knowledge of Borrowers, there is no fact now or in the future (so far as Borrower can foresee) which now or will in the future materially adversely affect the ability of Borrowers to observe and perform the obligations under this loan agreement and the loan documents which have not been set forth herein or in some other written statement furnished to lender by or on behalf of Borrower.

ARTICLE 3. ADVANCES AND DISPOSITION OF FUNDS

3A. PREREQUISITES TO ADVANCE. The obligation of lender to advance any funds on account of the loan is subject to lender's satisfaction, prior to each and every disbursement, of the following conditions.

(1) The representations and warranties contained in Article 2 of this Loan Agreement shall be true and correct.

- (2) There shall exist at the time of each and every disbursement no condition or event which would constitute an event of default as defined in this Loan Agreement of which, after the giving of notice or the lapse of time, or both, would constitute an event of default.
- (3) Borrowers shall have delivered to lender the Loan Documents all duly executed and accompanied by proof of the due recordation and filing of the Security Agreement in such places as may be required by law in order to fully protect and maintain the lien of the same.
- (4) Lender shall have received such opinions as Lender may required by counsel selected by Borrower and approved by Lender.

3B. REQUISITIONS. Borrowers shall from time to time submit to lender requisitions, on forms furnished by Lender, requesting Lender to make advances on account of the Loan.

ARTICLE 4. PARTICULAR COVENANTS

4.A. APPOINTMENTS BY BORROWER. Borrowers shall, if required by lender, designate a person who shall have active role during the construction of the project.

4.B. CONTRACTS WITH THIRD PARTIES. Borrower shall submit, when requested by Lender and subject to Lender's approval a signed and executed construction contract by and between the Borrowers and Builders, if one is required.

4C. COVENANTS UNDER THE LOAN DOCUMENTS Borrower shall perform all their covenants under the loan documents.

4.F. LITIGATION. Borrowers shall give Lender prompt notice of any litigation or claims of any kind which might subject Borrowers to any liability (whether covered by insurance or not) and which might adversely affect Borrowers ability to perform the obligations under the loan document; further, Borrowers shall give lender prompt notice of all complaints or charges filed by any governmental agency or any other party affecting the project, or exercising supervision or control of Borrower or borrowers' business assets.

4G. OTHER PROJECTS, INDEBTED, LEASEHOLD MORTGAGES, ETC. Borrowers shall not enter into any agreements, arrangements or ventures, not created, assume or guarantee or become or remain liable for or commit to incur directly or indirectly any indebtedness, nor incur or suffer to be created or incurred or to exist any encumbrance, mortgage, security interest, pledge, lien, or charge of any kind upon any of Borrowers' property or assets of any character, whether now owned or hereafter acquired which would impair Borrower ability to perform the obligations under the Loan Documents or impair Lender's security therefore.

4H. EXPENSES AND CLOSING COST. Borrowers agree to pay, with interest thereon at the Note rate from the date disbursed until paid, all fees, expenses, and charges incurred by Lender in respect to the Loan including, but not limited to, the fees and expenses of legal counsel employed by Lender, title search and survey costs, recording and filing fees, and any other taxed, fees, and expenses payable in connection with this transaction and with enforcement of this Loan Agreement and the Loan Documents.

4I. CLAIMS AND RECOURSE. Borrowers waive all claims and recourse against Lender, including the right to contribution for loss or damage to persons or property arising from, growing out of, or in any way connected with or incident to this Loan Agreement, the loan documents, except claims arising from the intentional misconduct or gross negligence of Lender, its officers, agents, and employees.

ARTICLE 5. EVENTS OF DEFAULT AND REMEDIES

5A. EVENS OF DEFAULT. The happening of any of the following events shall constitute a default by the Borrowers under this Loan Document:

- (1) Borrowers fail to fulfil a payment obligation under the Note when due; or
- (2) Borrowers fails to perform or observe an other obligation, condition, or covenant under this Loan Agreement, the Loan Documents, or fail to comply with any applicable laws in the conduct of the Borrowers operation; or
- (3) a statement, confirmation, or information provided in connection with this Loan Agreement or the Loan Documents is or shall become materially incorrect, incomplete, or contested; or
- (4) Borrower admit inability to effect payment, becomes insolvent, whether voluntary or involuntary; or
- (5) Borrowers fails to pay and discharged any judgment or levy or any attachment, execution, or other process against the assets of Borrowers, and such judgment is not satisfied or such levy or other process is not removed within 20 days after the entry or levy.

5B. RIGHTS AND REMEDIES. Upon default by Borrowers, Lender may exercise all rights and remedies available to it under law and in equity to enforce this Loan Agreement and Lender's rights to all equipment, inventory, fixtures, and supplies for the Property under the Security Agreements including, but not limited to, the following:

- (1) Borrower fails to fulfil a payment obligation under the Note when due; or
- (2) Borrower fails to perform or observe and other obligation, condition or covenant under this Loan Agreement, the loan documents
- (3) a statement, confirmation, or information provided in connection with this Loan Agreement or the loan document is or shall become materially, incorrect, incomplete or contested; or
- (4) Borrower admit sin ability to effect payment, become insolvent, whether voluntary, or involuntary; or
- (5) Borrower fails to pay and discharge any judgment or levy or any attachment, execution, or other process against the assets of Borrowers, and such judgment is not satisfied or such levy or other process is not removed within 20 days after the entry or levy.

ARTICLE 6. GENERAL PROVISIONS 6A. ASSIGNMENT. Borrowers may not assign any rights and payment in connection with this Loan Agreement without Lender's prior written consent. Lender shall be entitled to assign its rights and payment claims in connection with this Loan Agreement, in whole or in part, to third parties without Borrowers consent.

6.B. WAIVER. No failure or delay on the part of Lender in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any thereof or the exercise of any other right, power, or remedy hereunder. No modification or waiver of any provision of this Loan Agreement, not any consent by Lender to any departure by Borrowers therefore, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrowers in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

6C. INSURANCE. Borrowers has the option to not to insure the project. However, should Borrowers decide not to insure the project and the project is damage or destroyed, he agree and accept full responsibility to continue making regular payment on the balance of the Note until it's fully paid.

6D. MERGER. This agreement is the entire agreement between the parties and supersedes in its entirety any prior agreements between the parties with respect hereto. No alterations, modifications, interpretations, or amendments of this loan agreement, either written or oral shall be binding on the parties unless it is designated as an amendment to the agreement, is in writing, and is executed by the parties.

6E. NOTICES. Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon any person in connection with this loan agreement shall be in writing. Such notice shall be personally served, sent by facsimile, or sent prepaid by registered or certified mail with return receipt requested and shall be deemed given, (i) if personally addressed, (ii) if by facsimile at the time of transmission, (iii) if by mail, ten (10) business days following deposit in the Republic of the Marshall Islands mail. All notices, requests, demands, and other communications under the agreement shall be given to or made upon the respective parties as follows:

Lender: Marshall Islands Development Bank
 Post Office Box 1048
 MAJURO, MH 96960
 Attention: Managing Director

Borrower: _____
 P.O.BOX
 Majuro, MH 96960

6F. COUNTERPARTS, EXHIBIT. This agreement may be executed in counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this loan agreement by signing one or more counterparts hereof. All exhibits referred to herein or attached hereto are incorporated by reference herein.

6G. GOVERNING LAW. The laws of the Republic of the Marshall Islands shall govern this agreement. Notwithstanding the above, the law of any other jurisdiction in which lender holds a security interest hereunder shall be applicable to any such interest.

6H. DESCRIPTIVE HEADING. The descriptive headings of the various articles and sections of this loan agreement were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions of this loan agreement.

6I. SEVERABILITY. The provision of this agreement are agreed to be severable, and if any provision, or application thereof, is held valid or unenforceable, then such holding shall not effect any other provision or application.

6J. TIME. Time is of essence of this loan agreement.

6K. TERM OF AGREEMENT; SURVIVAL OF REPRESENTATIVE WARRANTIES.

This agreement shall continue in full force and effect until all indebtedness of Borrower to Lender under this loan agreement and loan documents shall have been paid in full, and all other obligations of Borrowers under this loan agreement and the loan documents shall have been fully observed and performed. All representations and warranties contained herein or made in writing shall survive the execution and delivery of the loan documents and any investigation at any time made by, through, or on behalf of Lender.

The rights of Borrower hereunder whether set forth herein or granted by law are subject to the condition that if Borrowers satisfy in full the obligations created hereunder, this agreement shall become null and void.

6L. REMEDIES ARE CUMULATIVE. All rights, powers, and remedies herein given to the lender are cumulative and not alternative, are in addition to all rights, powers, and remedies afforded by statutes or rules of law and may be exercised concurrently, independently, or successively in any order whatsoever. Without limiting the generality of the foregoing, lender may enforce any one or more of the loan documents without enforcing all of them concurrently or in any particular order.

6M. NO JOINT VENTURE. The execution of this loan agreement and the exercise of any rights hereunder are not intended, and shall not be construed, to create a partnership or joint venture between Lender and Borrowers.

6N. NUMBER, GENDER. As used herein, and as the circumstances require, the plural term shall include the singular, the singular shall include the plural, the neuter term shall include the masculine and feminine genders, the masculine term shall include the neuter and the feminine genders, and the feminine term shall include the neuter and the masculine genders

60. JOINT AND SEVERAL LIABILITY, BINDING UPON SUCCESSORS. If this agreement is signed by more than one person as borrowers, their obligations shall be joint and several. A default under this agreement shall be deemed a default under all other loan documents and a default under any other agreement executed in conjunction with this agreement shall be a default under this agreement. This agreement shall be binding upon the assigns, successors, heirs, and legal representative of the parties.

6P. COLLECTION EXPENSES. Borrowers shall pay all collection expenses or other charges, including attorney's fees, incurred by lender in enforcing any of the terms, provisions, or covenants of this agreement.

6Q. RELEASE OF INFORMATIONS Borrowers agrees that Lender, without further notice to or approval of borrowers, may release such confidential or private information submitted by borrowers in connection with this loan as lender deems reasonable to a governmental agency or public utility in order to verify compliance with any laws or regulations of such governmental authority or public utility.

IN WITNESS WHEREOF, each of the parties have executed this loan agreement on the day and year first above written.

BORROWERS:

x _____

x _____

CO/ BORROWER:

LENDER:

Marshall Islands Development Bank

ACKNOWLEDGEMENT

On this ____ day of _____, 20 __, before me, a notary public, personally appeared _____, known to me the person whose names are subscribed to this LOAN AGREEMENT, and it was acknowledged to me that this agreement was executed of his own free act and deed.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year first above written.

Notary Public _____

My commission expires on _____.

PROMISSORY NOTE

Date: _____

PROMISE TO PAY. _____ (Borrower(s) P.O.BOX _____
Majuro, MH 96960, for value received and acknowledged, promises to pay to the order of
the Marshall Islands Development Bank (Lender), the principal sum of _____ with
interest thereon at the rate of **7.0%** per annum the principal sum is advanced to Borrowers
pursuant to the provisions of that certain Loan agreement executed this date by and between
the parties.

2. INSTALLMENTS. (a) Borrowers shall pay to lender for all funds advanced under the
Loan agreement, with interest thereon, the sum of, _____ per month on the last day
of each month commencing 1st month after the initial disbursement of funds .Thereafter, and
for the next _____ Borrowers shall make the same Monthly payment on the last day
of each month until the entire amount, both principal and interest, are paid in full. The total
amount to be paid during the term of the loan shall be approximately _____ (b)
Payment shall be due and made to lender before 4:00pm on the last day of each month at
Lender's office in MAJURO, MARSHALL ISLAND and shall be applied first to the payment
of charges, if any, then interest, then principal.

3. PREPAYMENT. On any monthly payment due date, Borrowers may pay the unpaid
balance of this note or the principal on one or more monthly payments; Borrowers shall be
obligated to continue making regular and uninterrupted monthly payments for the amount and
on the quarterly payment date specified in this note, so as long as any portion of the loan
remains unpaid.

4. LATE CHARGES. If any instalment due under this note is 10 days past due, Borrowers
shall pay a late charge of 1% of the amount of the payment or \$ _____ per month, whichever
is greater.

5. SECURITY. The note is secured by the following documents executed this date with the
Note, collectively agreements which are incorporated in their entirety by reference herein:

- () Assignment of Salary
- () Chattel Mortgage
- () Leasehold Mortgage
- () Assignment of Land Payments
- () Lump sum Payment from
- () Consent to Loan

WAIVER BY BORROWER, SIGNERS, AND ENDORSER. Borrowers, signers, and, endorsers hereby waive, demand, presentment, protest, notice of Dishonour, and agree to renewal or extension of this note, to delay in the enforcement of this note or in exercising any right or power of the lender without prejudice to said rights or power. Further, borrowers, Signers, and endorsers waive any defences, counterclaims, offsets, and the like which they may have in respect to the debt described herein or arising out of this note, including the of limitations. Paragraph 6.A. through 6.P. of the loan agreement executed this date by and between the Parties are incorporated into this Promissory Note in their entirety by reference herein.

X _____
Borrower:

X _____
Co-Borrower :

Each of the undersigned endorser guarantees payment and assents to all provision of this note

X _____
Guarantor:

X _____
Guarantor:

ACKNOWLEDGEMENT

On this ____ day of _____, 20 ____, before me, a notary public, personally appeared _____, known to me to be the person whose name is subscribed to this Assignment of this PROMISSORY NOTE, and that he acknowledged to me that he executed the same as his own free act and deed.

Notary Public _____
My commission expires on _____

CHATTEL MORTGAGE SECURITY AGREEMENT

Date: _____

This Chattel Mortgage is unexecuted on the date stated above between, _____
Borrower(s) P.O.BOX _____ Majuro MH, 96960, for value received and acknowledged,
promises to pay to the order of the Marshall Islands Development Bank (lender),

RECITALS Pursuant to a loan agreement executed between the parties, Borrowers have executed a promissory note (note) payable to the order of Lender, including both principal and interest, in the amount _____. The loan agreement, note, and assignment of salary are executed this date along with this Chattel Mortgage. The above listed documents, this chattel mortgage, and any other documents executed or delivered by the Borrowers, in connection with the indebtedness evidenced by the note (loan), as any or all such documents may be amended, substitute for, or replaced from time to time, are referred to collectively as the Loan Documents.

1. MORTGAGE OF PROPERTY. Borrowers, to induce lender to make the loan, and as partial source of repayment of the loan and all future advances made in accordance with agreed terms, and as additional security for the payment and performance of all obligations of Borrowers to lender under the loan documents, whether now existing or subsequently incurred, Borrowers hereby Mortgage to Lender, and hereby grant to Lender a security interest in the property described herein and all accessories, parts and equipment now or hereafter affixed thereto or used in connection therewith (collateral).

2. USE OF COLLATERAL. Until default hereunder, Borrowers may have possession of the collateral and use the same in any lawful manner not inconsistent with this agreement or the purpose for which the loan was made and with any policy of insurance on any of the collateral.

3. WARRANTIES Borrowers hereby warrant and agrees as follows:

- (a) Borrowers shall advise the Lender to the extent, if any, that the collateral is being acquired with the proceeds of the note. In such case, the proceeds may be disbursed by the lender directly to the seller of such collateral.
- (b) The collateral shall be kept at the address or place of business of Borrowers, unless lender consents in writing.
- (c) If any of the collateral shall consist of equipment of type normally used on more than one location regardless of whether actually so used, Borrowers shall immediately give written notice to lender of any change in the chief place of business of borrowers and of any collateral shall be used. Such collateral shall not, unless lender consents in writing, be used outside the territorial limits of the Republic of the Marshall Islands.
- (d) The collateral is now free of all liens and claims and Borrowers shall at all times keep the collateral free of all liens and claims whatsoever, other than the security interest of the loan documents.

- (c) Borrowers shall not sell, transfer, lease or otherwise dispose of any collateral or any interest therein, except with prior written consent of lender.
- (f) Borrower shall at all times keep the collateral in good order and repair, except an loss, damage, or destruction that is fully covered by proceeds of insurance of that is the result of the reasonable use of the collateral.
- (g) Borrower shall at all time keep the collateral insured against loss, damage, theft, vandalism, typhoons, wave action, and other risks, in such form as shall be satisfactory to Lender; provided, however, in no event shall be the fact value of the insurance policy or policies be less than the outstanding amount of the loan. Such policies of insurance shall provide that loss there under shall be payable to lender as its interest may appear, and Lender may apply any proceeds of such insurance that may be received by it on the payment of any liabilities, whether or not due, in such order of application as lender may determined. Such policies of insurance shall, if lender so requests, be deposited with lender.
- (h) Lender may examine and inspect the collateral or any part thereof, wherever located, at any reasonable time.
- (i) Borrower shall pay all taxes, license fees, assessments, and other public charges that may be levied against or on the collateral before it becomes delinquent.

4. REIMBURSEMENT OF EXPENSES. Lender may perform any agreement of borrowers hereunder that borrowers fails to perform, and lender may take any other action that lender deems necessary for the maintenance or preservation of any other collateral of the interest of Lender. Borrower shall immediately reimburse lender for any and all expenses in connection with the foregoing, including reasonable attorney's fees, together with interest thereon at the note rate from the date the expenses are incurred.

5. DEFAULT. The occurrence of any of the following events shall constitute a default hereunder:

- a. Non payment, when due, of any amount payable on the Note, and the failure to perform any agreement of borrowers contained herein;
- b. any material false or misleading statement, representation, or warranty of borrower to Lender;
- c. insolvency or inability of borrowers to pay debts as they mature, or the making of an assignment for the benefit of creditors, or institution by or against Borrower of any proceeding alleging the Borrower is insolvent or unable to pay debts as they mature;
- d. entry of any judgement against Borrower which is not removed or discharged within 20 days;
- e. in the case of a corporate Borrower, dissolution, merge, consolidation, or transfer of a substantial part of the property of Borrower;
- f. default under any of the loan documents; or
- g. determination by lender, in its absolute discretion, that it is insecure for any other reason whatsoever.

6. **REMEDIES. GENERAL.** Whenever any default occurs, the note and any and all other liabilities may, at the option of lender and without demand or notice of any kind, be declared immediately due and payable. Lender may exercise from time to time any rights and remedies available to it as a secured party under the laws of the Republic of the Marshall Islands or the country in which the collateral, the borrowers, or the lender resides or may be found in at the time the action accrues.

b. **STATUTORY.** Borrower agrees that:

(i) **NONJUDICIAL FORECLOSURE OF PROPERTY IN POSSESSION OF MORTGAGORS.** If borrowers fail to comply with the terms and conditions of this agreement or of the other loan documents and is in default for more than twenty (20) days, Lender may declare the whole unpaid amount of the loan to be immediately due and payable and, if lender does not already have possession, may immediately, at a reasonable time and in a reasonable manner, without notice to Mortgagors take possession of the collateral with any improvements or additions to it and for this purpose lender may enter borrower's property and premises without liability for trespass, conversion, and damage. Upon the obtaining of such property which was nor originally in the possession of it during this period, the Borrower may redeem the collateral by curing the default, by paying all arrears due under the agreement, plus all expenses reasonably incurred by lender in the taking, keeping, and storing of the collateral and for reasonable attorney's fees, and in doing so the borrowers shall become in the performance of the loan as if no default had occurred. If borrowers do not cure the default within twenty (20) days retention period, lender may proceed in accordance with subparagraph (iii) of this section.

(ii) **NONJUDICIAL FORECLOSURE OF PROPERTY IN POSSESSION OF MORTGAGORS.** If borrowers are in default and lender already has possession of the collateral, then Lender shall deliver to the borrowers written notice not more than forty (40) days nor less than twenty days prior to the for closing or mortgagee's intend to foreclose. If after such notice borrowers have not cured the default, then Lender may proceed in accordance with subparagraph (iii) of this section.

(iii) **PROCEDURE UPON NONJUDICIAL FORECLOSURE.**

(a) If borrower at the time of the taking or the foreclosure has not paid at least one half (1/2) of the principal due under the note, this agreement, and the other loan documents, Lender shall at the option, in lieu of public sale and provided that not more than forty (40) days nor less than twenty (20) days prior written notice is given to Borrowers to retain the collateral as lender's own without obligation to account to Borrower and borrowers shall then be discharged of all obligations under this agreement.

(b) If at the time of the taking of the non judicial foreclosure, Borrower have paid at least one half (1/2) of the principal due under the note, this agreement, and the other loan documents, Lender shall sell the collateral where it is located at the public auction which shall be held not more than ninety (90) days after the taking or foreclosure. Lender shall give Borrower not less than ten (10) days written notice of the sale and shall further give notice of the sale by posting it in at three (3) conspicuous places within the local where the collateral is to be sold at least five (5) days before the sale. Said notice shall not be given until the expiration of the twenty (20) days retention period if borrowers were in possession at the time of default.

(c) At any public auction, conducted in accordance with this section, lender may sell all or any portion of the collateral to the highest bidder and for such price as lender may determine. All proceeds shall be applied first to the payment of reasonable expenses, (including expenses of sale and taking, keeping, and storing of the collateral) and against the amount owed by Borrower under the note, this agreement and the other loan documents. The remaining balance, if any, shall then be returned to borrowers. If there are any deficiency, Borrower shall pay the same immediately upon demand. Lender may bid for many purchase said time at the determination of lender. Lender is hereby authorized on behalf of Borrower to endorse, sign for, transfer, execute, negotiate, or otherwise deal with the collateral as Borrower's attorney-in-fact and in Borrower's name, place, and stead to perform all such acts for the conveyance or transfer of such property to any purchaser, including lender if the lender is the purchaser at sale. This power of attorney is coupled with an interest that cannot be revoked as long as Borrower are indebted to lender.

(iv) REDEMPTION. At any before lender has disposed of the collateral pursuant to subparagraph (iii) (a), borrower may redeem the collateral by tendering all amounts due under the note, this agreement, and the other loan documents up to the date of the tender as well as all the expenses reasonably incurred by the lender, and in such events, the foreclosure sale or proceedings shall then cease and borrowers shall be entitled to possession of the collateral and to continue in the performance of the agreement as though no default has occurred.

Upon written notice and demand from Borrower, Lender shall furnish borrowers with written statements of the sum due under the note, this agreement, the other loan documents, and expenses of taking, keeping, storing and arranging for the sale.

7. GENERAL PROVISIONS. Section 6A through 6O of the loan agreement executed this date by and between the parties are incorporated into this chattel mortgage in their entirety by reference herein.

IN WITNESS WHEREOF the undersigned have executed this agreement in, MAJURO, MH 96960 as of this date first above written.

BORROWER(S):

X _____

X _____

LENDER:

Dwight Heine
Managing Director
Marshall Islands Development Bank

(14-16)

ACKNOWLEDGEMENT

On this ____ day of _____ 2011, before me, a notary public, personally appeared _____, the persons

whose names are subscribed to this **CHATTEL MORTGAGE**,

and they acknowledged to me that they executed the same as their own free act and deed.

Notary Public

In and for the Republic of the Marshall Islands.

My commission expires on the _____ day of _____, 20__.

(15-16)

EXHIBIT A Description of collateral

