

**SCHEDULE 2.71**

**PLACID ENTERPRISES, LLC LOAN AGREEMENT**

## Loan Agreement

between

Roman Catholic Bishop of Helena, Montana  
a Montana Religious Corporation Sole,

as Borrower

and

Placid Enterprises, LLC,  
a Montana Limited Liability Company,

as Lender

dated \_\_\_\_\_, 2014

Three Million Five Hundred Thousand and No/100 Dollars  
(\$3,500,000.00)

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## LOAN AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the **Roman Catholic Bishop of Helena, Montana**, a Montana Religious Corporation Sole, whose address is P.O. Box 1729, Helena, Montana hereinafter collectively referred to as "**Borrower**"; and **Placid Enterprises, LLC**, a Montana Limited Liability Company, whose address is P.O. Box 387, Seeley Lake, Montana 59868-0387, hereinafter referred to as "**Lender**".

Whereas, Lender has agreed to make a commercial loan to Borrower in the principal sum of \$3,500,000.00 ("Loan") to be used as part of the financing of Borrower's Plan of Reorganization in Montana Bankruptcy Cause No. 14-60074-11, under the terms stated in this Loan Agreement and related Loan Documents.

In consideration of the Loan the Borrower and the Lender agree as follows:

### I. Definitions

The following terms when used in this Agreement shall have the respective meanings set forth below:

**Agreement or Loan Agreement:** This Loan Agreement between the Borrower and the Lender, as the same may be modified, amended, supplemented or assigned from time to time.

**Bankruptcy:** The Borrower's Chapter 11 Bankruptcy petition now pending before the Montana United States Bankruptcy Court identified as *In re: Roman Catholic Bishop of Helena, Montana, a Montana Religious Corporation Sole, Montana*, Cause No. 14-60074-11.

**Closing:** The execution and delivery to the Lender of all of the documents and instruments required by the terms of this Loan Agreement and the completion of the transactions contemplated by this Agreement.

**Closing Agent:** A title insurance company or agent who will complete the closing.

**Collateral:** The properties, including real and personal property, rights and contract rights of Borrower pledged and mortgaged to the Lender and to secure the Loan pursuant to the Mortgages.

**Encumbrances:** Any mortgage, lien, pledge, adverse claim, charge, security interest or other encumbrance in or on, or any interest or title of any vendor, lessor, lender to, or other secured party, under any conditional sale or other title retention agreement or lease which under

generally accepted principles is to be treated as a capital lease with respect to any Collateral.

**Environmental Law:** The Federal Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601, et. seq., the Federal Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et. seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et. seq., and all other federal, state and local environmental or health laws applicable to Borrower or its business, operations or assets, or any of the Collateral, now or hereafter enacted, and all rules, regulations, orders and publications adopted or promulgated pursuant thereto from time to time.

**Escrow Company:** Insured Titles, Inc., 1724 Fairview Avenue, Missoula, MT 59801

**Event of Default:** The occurrence of any event described in Section 5.3 hereof or an event of default.

**Governmental Authority:** The United States of America, the State of Montana, relevant county and city, and any agency, department, court, regulatory body, commission, board, bureau, office or instrumentality of any of them which exercises jurisdiction over the Property or the Borrower.

**Hazardous Materials:** All materials of any kind which are flammable, explosive, toxic, radioactive or otherwise hazardous to animal or plant life or the environment and are regulated under any Environmental Law.

**Improvements:** Improvements made at the Properties, including without limitation, all the fixtures, furnishings, machinery, and equipment related thereto.

**Indebtedness:** All sums due to Lender from Borrower under this Agreement, the Promissory Note, the Mortgages, Loan Documents or any other sums due to Lender from Borrower under this Loan.

**Legal Requirement:** All applicable laws, statutes, ordinances, rulings, regulations, codes, decrees, orders, judgments, conditions, restrictions, approvals, permits and requirements of, from or by any governmental authority, including, but not limited to, zoning, subdivision, land development, handicapped accessibility, including, without limitation, the Americans with Disabilities Act, environmental, building, safety, health, housing and fire.

**Loan:** A loan of money in the principal sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00), said loan to be advanced by the Lender to Borrower pursuant to this Agreement, and evidenced by the Note and secured by, among other things, the Mortgages and other Loan Documents.

**Loan Documents:** The documents listed in Section 4.6 (a) - (i) hereof and all other agreements, instruments, certificates, legal opinions and documents executed and delivered by the Borrower to the Lender in connection with the Loan, as the same may be modified, amended, supplemented or assigned from time to time.

**Maturity Date:** \_\_\_\_\_, 2019, the date the entire loan balance must be paid by Borrower.

**Mortgage(s):** A Deed of Trust in respect of each of the Properties (or in the case of the "Legendary Lodge" property, the "Cemetery Property", or any other property forty (40) acres or more in size, a "Mortgage"), bearing even date herewith, from Borrower, as grantor or mortgagor, to the Lender, as beneficiary or mortgagee, granting a first lien and security interest in, among other things, the (a) the applicable Property, (b) Improvements, (c) all personal property thereon and therein, all as more fully set forth therein, as the same may be modified, amended, supplemented or assigned from time to time.

**Note or Promissory Note:** The Promissory Note from the Borrower, as maker, to the Lender, as payee, dated of even date herewith in the original principal amount of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00).

**Permitted Exceptions:** Those exceptions to the Lender's mortgagee's title insurance as set forth on Exhibit \_\_\_\_\_ attached hereto. In no event shall Permitted Exceptions include any construction, mechanic's, materialmen's or supplier's liens.

**Person:** Any individual, corporation, partnership, association, limited liability company, joint stock company, trust, unincorporated organization, joint venture, court, governmental or political unit or subdivision thereof, or any governmental or quasi-governmental agency or authority.

**Permitted Transfer:** The sale of the Property identified in Section 2.5 (a)-(c) hereof, provided that the pay down required hereunder is made.

**Property(ies):** The real properties or interests in real properties provided as Collateral hereunder and as more particularly described on Exhibit "A" attached hereto.

**Secured Obligations:** The obligations of payment and performance required of the Borrower under the Note, this Agreement, and the other Loan Documents.

**Title Insurer:** Such title insurance company as the Lender may reasonably approve, which title insurance company shall insure the lien and priority of Lender and each Mortgage in

accordance with Section 4.8 hereof.

**Triggering Event:** The sale of any one of the Properties identified in Section 2.5 (a)-(c) hereof.

**SUBJECT TO THE TERMS OF AGREEMENT AND SATISFACTION OF ALL CONDITIONS PRECEDENT SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND IN RELIANCE UPON THE REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN AND THEREIN, ON THE CLOSING DATE, LENDER AGREES TO MAKE A TERM LOAN TO THE BORROWER, SUBJECT TO THE FOREGOING TERMS AND CONDITIONS, AS FOLLOWS:**

## **II. The Loan**

**2.1 Amount of Loan.** The amount of this Loan shall be the principal sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000.00) pursuant to the provisions of this Agreement and pursuant to all Loan and Documents executed contemporaneously herewith, including, but not limited to a Promissory Note ("Note"), Montana Trust Indenture and a Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement (the "Mortgages"), and Financing Statements, and all other related Loan Documents.

**2.2 Closing the Loan.** The loan shall be closed, meaning the Loan Documents executed and recorded and the loan proceeds disbursed through a title company or other "closing agent" to be designated by the parties. All costs associated with closing the loan, including all costs associated with the closing agent, shall be paid by Borrower.

**2.3 Use of Loan Proceeds.** The loan proceeds shall be used in combination with other funds to finance the performance of the Debtor's confirmed Plan of Reorganization in Borrower's Bankruptcy.

### **2.4 Terms of the Loan.**

(a) Borrower agrees to repay the loan through monthly installments of \$14,583.33. Borrower's first payment is due \_\_\_\_\_, 2014, and all subsequent payments are due on the \_\_\_\_ day of each month thereafter. Borrower's final payment, in the form of a balloon payment, will be due on \_\_\_\_\_, 2019, and will be an amount equal to all principal, all accrued interest not yet paid, and all other sums due under any of the Loan Documents.

(b) **Interest Rate and Application of Payments.** Interest shall accrue at a rate of Five Percent (5%) per annum on the principal balance remaining unpaid commencing

on the date of the Promissory Note. Unless otherwise agreed in writing, or required by applicable law, all payments shall be applied first to payment of the fees charged by the escrow company, if any, next to payment or reimbursement of any amounts required by the Loan Agreement or security instruments which secure the Note, next to payment of any late charges, next to payment of accrued but unpaid interest, and last toward the unpaid principal balance owed under the Note. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

(c) Place of Payments. Payments shall be made to the Lender in care of the Escrow Company.

(d) Maturity Date. The entire principal balance then due, all accrued interest, and any late charges, balloon costs, expenses, advances and attorney fees if any, shall be due and are payable in full within 60 months or \_\_\_\_\_, 2019.

(e) Late Charges. If any payment is not delivered to the Escrow Company within 15 days after the payment due date, then a late charge equal to One Thousand and No/100 dollars (\$1,000.00) shall be charged and immediately be due and payable without notice for each late payment. A default on the Loan may be cured only by payment in full of such late charge plus the applicable fees and charges, plus any attorney's fees incurred by Lender by reason of such default.

(f) Prepayment. Borrower shall have the right to prepay the Loan in full or in part at any time without the prior approval of Lender and without penalty. Prepayment will not relieve Borrower of its obligation to continue to make regular monthly payments under the Note and Loan Documents. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language.

**2.5 Sale and Pay Down.** If and when any of the following properties are sold (referred to as a "Triggering Event" or "Permitted Transfer"), pay downs shall be made to the Lender from the sale proceeds as follows:

(a) In the event of a sale of the "Legendary Lodge" property (located at 2127 Montana Highway 83 North, Seeley Lake, Missoula County, Montana), Borrower agrees that twenty five percent (25%) of the net proceeds from said sale, "net proceeds" meaning the amount payable to Borrower after reasonable closing costs, but no less than the amount of One Million and No/100 dollars (\$1,000,000.00), shall be paid to Lender for application against the Loan.



(b) In the event of a sale of the "Cemetery Property", Borrower agrees that twenty five percent (25%) of the net proceeds from said sale payable to borrower, estimated at between \$1,000,000.00 to \$2,000,000.00, "net proceeds" meaning the amount payable to Borrower after reasonable closing costs, shall be paid to Lender for application against the Loan.

(c) In the event of a sale of the interest in the "Sycamore Tree" property, Borrower agrees that twenty five percent (25%) of the net proceeds from said sale, "net proceeds" meaning the amount payable to Borrower after reasonable closing costs, shall be paid to Lender for application against the Loan.

Payments made on the Note shall be applied first to payment of the fees charged by the escrow company, if any, next to payment or reimbursement of any amounts required by the Loan Agreement or security instruments which secure this Note, next to payment of any late charges, next to payment of accrued but unpaid interest, and last toward the unpaid principal balance owed under this Note. Upon receipt of payment discussed herein, Lender agrees to execute for recording releases of mortgage or deeds of reconveyance as appropriate in order to release the subject properties.

**2.6 Loan Costs.** At closing Borrowers shall pay all costs associated with this loan and the loan closing, including, but not limited to, appraisal fees, mortgagee title insurance premiums, flood certification fees, closing costs, filing/recording fees, and all attorney fees (including Lender's reasonable attorney fees) associated with the negotiation, drafting and execution of the this loan, all bankruptcy costs and attorney fees, and all costs associated with document preparation, recording and filing.

**2.7 Collateral.** Said loan shall be evidenced by and repaid pursuant to a Promissory Note executed by Borrower and in favor of the Lender. Collateral for the repayment of this Loan and Note, and the performance under this Agreement and all related Loan Documents, shall be in the form of the following:

(a) Real Estate: First priority and perfected Mortgages and Deeds of Trust on the Properties discussed on Exhibit "A", including all improvements and fixtures. Said Mortgages and Deeds of Trust shall include an assignment of all leases.

(b) Personal Property: A first priority and perfected security interest in all machinery, equipment, furniture, fixtures, inventory, accounts receivables, contract rights, beneficial rights, general intangibles now owned or hereafter acquired by Borrower, including proceeds therefrom, necessary or convenient to the use of the Property, including all improvements, now or hereafter located on the premises, all

articles of personal property now owned or hereafter acquired by the Borrower that are attached to, connected with or in any way used in the operation of the Property, all insurance proceeds or condemnation awards pertaining to said property or improvements thereon, a first priority and perfected security interest and/or the assignment for security in, all rents, profits, leases, and proceeds which now or hereafter exist relative to the Property.

### III. Warranty

Borrower and, where applicable, Resurrection Cemetery Association, Inc., represent and warrant to Lender as follows:

**3.1 Status of Title.** Borrower represents and warrants to Lender that it holds fee simple and insurable title to the Properties herein described with the exception of the "Cemetery Property" and the "Sycamore Tree" Property. Resurrection Cemetery Association, Inc. represents and warrants to Lender that it holds fee simple and insurable title to the "Cemetery Property" herein described. Borrower and Resurrection Cemetery Association, Inc. represent that at closing there will be no liens upon the Property that would take priority to Lender's Mortgages and security interest in the Property, except for taxes and assessments for the current and subsequent year, nor will Borrower or Resurrection Cemetery Association, Inc. permit liens to attach to the Property that would take priority over Lender's Mortgages. Resurrection Cemetery Association, Inc. acknowledges sufficient and adequate consideration for the Mortgages described herein.

**3.2 Personal Property.** Borrower represents that all fixtures, equipment and other items of personal property hereby pledged as a security interest as collateral for this loan are free and clear of all liens, encumbrances and security interests.

**3.3 Litigation.** Borrower represents that no litigation or administrative proceeding of or before any court or administrative body is presently pending, nor to Borrower's knowledge is any such litigation or proceeding presently threatened against Borrower or any of the Properties, that, if adversely determined, would materially affect Borrowers' ability to carry out the transactions contemplated by this Agreement and to repay the indebtedness.

**3.4 Authority.** Borrower warrants the Borrower has full authority to obtain this Loan and to execute the necessary Loan Documents, including Bankruptcy Court approval.

### IV. Borrowers' Covenants

Borrower undertakes and covenants to Lender as follows:

4.1 **Use of Loan Proceeds.** The Loan proceeds, along with proceeds from other sources, will be used to finance the Borrower's confirmed Bankruptcy Plan.

4.2 **Bankruptcy Approval.** Borrower covenants that it has full authority from the Montana Bankruptcy Court to obtain this loan and to execute the Loan Documents.

4.3 **Compliance of Improvements.** If requested, Borrower shall deliver to Lender satisfactory evidence of the issuance of any permits or approval by any governmental authority necessary to the operation of the Property.

4.4 **Liens.** Borrower covenants that no lien, charge or encumbrance will be created or suffered to exist which is or with the passage of time would become in parity with or superior to the lien of the Mortgages to be given hereunder, except for the lien for unpaid real property taxes not yet due.

4.5 **Insurance.** Borrower shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Properties and contents therein in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Borrower shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request and Lender being named as additional insureds in such liability insurance policies. Additionally, Borrower shall maintain such other insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender (or Escrow Company) from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations, that coverages will not be cancelled or diminished without at least 10 days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. Should the Properties be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Borrower agree to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the Property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

4.6 **Non-default.** Borrower will perform or cause to be performed each one of the covenants set forth in this Agreement and all other Loan Documents during the life of this loan hereunder, and all representations and warranties are accurate and correct without breach or default thereof, and at all times during the life of this loan hereunder, such covenants,

representations and warranties will remain in a status of full compliance without breach, default or inaccuracy.

4.7 **Documents to be Delivered.** Borrower shall deliver to Lender at the time of execution of this Agreement, and closing of the loan, the following completed documents in form and content satisfactory to the Lender:

- (a) An executed original of this Agreement;
- (b) A Promissory Note from Borrower to Lender executed by Borrower evidencing this loan and obligation for repayment in the principal amount of \$3,500,000.00;
- (c) A Montana Trust Indenture relating to Parcels 1 through 5 of Exhibit "A" hereto, located in Lewis and Clark County, Montana, properly executed by Borrower in a form satisfactory to Lender and suitable for recording.
- (d) A Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Filing Statement relating to the "Cemetery Property" located in Lewis and Clark County (Parcel 6 of Exhibit "A" hereto) properly executed by Resurrection Cemetery Association, Inc. in a form satisfactory to Lender and suitable for recording;
- (e) A Montana Trust Indenture relating to Parcel 7 of Exhibit "A" hereto, located in Lake County, Montana, properly executed by Borrower in a form satisfactory to Lender and suitable for recording.
- (f) A Mortgage, Security Agreement, Assignment of Leases and Rents, and Fixture Filing Statement relating to the Legendary Lodge property located in Missoula County (Parcel 8 of Exhibit "A" hereto) properly executed by Borrower in a form satisfactory to Lender and suitable for recording;
- (g) A Montana Trust Indenture relating to Parcel 9 of Exhibit "A" hereto, located in Missoula County, Montana, properly executed by Borrower in a form satisfactory to Lender and suitable for recording.
- (h) A Commercial Security Agreement;
- (i) Appropriate financing statements for filing with the Montana Secretary of State and County Clerk and Records of Missoula County and Lewis and Clark County, including fixture filing;
- (j) Evidence of insurance in a form and with policy limits in accordance with

Section 3.3 with regard to the following:

- (i) All risk insurance;
  - (ii) Public liability and Property damage insurance;
  - (iii) Physical hazard insurance; and
  - (iv) Flood Insurance (if deemed necessary by the Lender)
- (k) Standard Mortgagee's policy on each Property insuring Lender's mortgage with such endorsements required by Lender, in favor of Lender with coverage in the principal amount of the loan, evidencing good and marketable title to the premises in favor of Borrower and Resurrection Cemetery Association, Inc. and absent liens, encumbrances or charges which would be superior to or in parity with the lien of the Mortgages to be given hereunder and subject only to restrictions, easements and/or reservations as are acceptable to Lender and Lender's counsel;
- (l) Certificates of good standing from the Montana Secretary of State that Borrower and Resurrection Cemetery Association, Inc. are authorized to do business in the State of Montana and appropriate resolutions that they have the authority to enter into this transaction and to execute this Agreement and each of the related loan documents;
- (m) Certification from County Treasurer that all real and personal property taxes and special assessments are paid to date;
- (n) Copies of all leases and contracts relative to ownership and operation of each of the Properties;
- (o) UCC and other lien searches in Montana and other applicable states;
- (p) Copies of appraisals in Borrower's possession for the Property;
- (q) Copies of all environmental reports. Environmental and other indemnity and warranty;
- (r) Corporate resolutions; and
- (s) Any other documents or information reasonably deemed necessary by Lender, Lender's counsel or any regulatory agency of the Lender.

**4.8 Title Insurance.** The title insurance referred to in Paragraph 4.7(k) shall insure the priority of the lien under the Mortgages referred to herein as against any other lien, mortgage, security interest, pledge, charge or encumbrance of any kind, except taxes and assessments not yet due. The cost for said title insurance shall be paid by Borrower.

**4.9 Indemnification.** Borrower agrees to, and does hereby indemnify and hold harmless Lender from and against any loss, damage, liability, claim, demand, suit, or action for damages whatsoever occasioned by or growing out of or arising or resulting from the Property, except where the same arises from Lender's negligence or wilful misconduct. This indemnity includes, but it is not limited to, attorney's fees incurred by Lender.

**4.10 Hazardous Materials Indemnification.** Except as set forth below, Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substance on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal uses and to maintenance of the Property.

The First Street Property remains subject to completion of a voluntary clean-up plan to be approved by the Montana Department of Environmental Quality. Such clean-up is ongoing and nearing completion, and it is anticipated that the voluntary clean-up plan will be soon completed, leaving only future financial assurances, which are estimated to be in minimal amounts.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental authority or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower performs any testing on the Property relative to hazardous substances, the results of said test shall be furnished to Lender. If Borrowers learn, or are notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

"Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this section, "Environmental Law" means applicable federal, state and local laws that relate to health, safety or environmental protection.

Borrower hereby indemnifies, defends, and holds harmless the Lender, and members of



Lender, against loss or damage including, but not limited to, clean up costs, remediation costs and attorney fees as a result of any past, present or future existence, use, handling, storage, transportation, release or disposal of any hazardous materials on the Property. This indemnification shall not be limited in principal amount and shall survive payment in full of the loan, foreclosure of any security and sale by Lender of the Property following foreclosure or acceptance of deed in lieu.

**4.11 Non-assignment.** Borrower will not assign or transfer to any person or party the right to receive funds or loan disbursements, or the benefit thereof, under this Agreement; nor will Borrower permit the same to be encumbered, attached, or the subject of garnishment or execution nor otherwise transferred by operation of law.

**4.12 Inspection.** Lender will have the continuing right at any reasonable time, and after reasonable notice to Borrower, to inspect the Property directly or through designees, and to inspect and make extracts therefrom or copies thereof of all records and accounts of Borrower.

**4.13 Taxes and Assessments.** Borrower shall pay all taxes and assessments on real and personal property as they become due.

## **V. Additional Agreements**

The parties mutually agree:

**5.1 Survival of Undertakings.** Borrower's representations, warranties, indemnifications, covenants, and undertakings contained herein, or made in writing in connection with this Agreement, shall survive throughout the entire period that indebtedness be outstanding as if each and all of the same were constantly renewed during such term.

**5.2 Incorporation of Loan Documents and Security Instruments.** This Agreement is hereby incorporated by reference into the terms of the Loan Documents, and a default hereunder shall, at the election of Lender, constitute a default under such other Loan Documents, giving Lender the right to fully accelerate and mature all indebtedness. Default under any Loan Document shall likewise be a default under this Agreement.

**5.3 Default.** Time is of the essence with respect to all obligations of Borrower under this Agreement and under the terms of all Loan Documents executed in connection therewith. The occurrence of any one or more of the following events shall constitute an event of default as the term is used herein:

(a) **Payment Default.** Borrower fails to make any payment when due under the Promissory Note, Mortgages, this Agreement or any Loan Document.

(b) **Compliance Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement, the Mortgages, Promissory Note or in any Loan Document or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

(c) **Default on Other Payments.** Failure of Borrower within the time required by this Agreement, the Mortgages, Promissory Note or any Loan Document to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien, however, Borrower will not be considered in default if Borrower refuses to make payment to a third party that results in the filing of a lien that Borrower is disputing in good faith.

(d) **False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or at Borrower's request under this Agreement, the Mortgages, Promissory Note or any related Loan Documents that is false or misleading in any material respect.

(e) **Defective Collateralization.** Borrower causes the Note, Mortgages, Security Agreement or any Loan Documents to become null and void (including failure of any collateral document to create a valid and perfected security interest or lien) at any time for any reason and does not take immediate steps to restore Lender's security or provide other security acceptable to Lender.

(f) **Due on Sale.** Borrower attempts to convey or transfer Parcels 1 through 5 of Exhibit "A", without the express written consent of the Lender.. Parcels 6, 7 and 8 may be sold, subject to the paydowns required hereunder.

(g) **Default on Bankruptcy Plan.** Debtor defaults on Debtor's confirmed Bankruptcy Plan.

(h) **Breach of Other Agreement.** Any breach by Borrower under the terms of any other agreement between Borrower and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower to Lender, whether existing now or later.

(i) **Superior Liens** Any lien superior to that of Lender, and judgment, levy, writ, or warranty of attachment or any similar process (not covered by insurance) shall be entered against the Property and remains unpaid, unbonded or unstayed for a period of forty-five (45) days.



When any one or more of the events of default specified above have occurred and is continuing, Lender may, after thirty (30) days written notice to Borrower, declare the entire principal balance and any accrued interest on the Note, or Loan Documents, plus all other sums immediately due and payable.

When any event of default described herein has occurred and continues following written notice, then the balance on the Note shall be accelerated and become immediately due and payable without presentment, demand or notice of any kind.

If any one or more of the events of default specified above shall have happened and be continued as above specified, Lender may proceed to protect and enforce its rights against Borrower and against any security granted to Lender by Borrower in connection with this Agreement, either by suit in equity, action of law and/or by other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant contained in this Agreement, the Loan Documents, or in aid of the exercise of any power granted in this Agreement. Borrower further agrees that upon default Lender may exercise any and all remedies under the Loan Documents, at law or in equity. Borrower further agrees that upon default by Borrower, Lender need not proceed against all properties or against real or personal Property in any particular order, and need not reduce any claim to judgment, sale, or conclusion before proceeding against other properties, Borrower recognizing that Lender must be free to do what is best in light of the circumstances in existence at and after any default.

Borrower agrees to pay to Lender all costs and expenses incurred in the collection and enforcement of its security interests, including reasonable compensation to Lender's attorney and paralegal fees for all services rendered in connection therewith including in bankruptcy.

**5.4 Binding Effect.** The term "*Lender*" as used herein shall refer to the original Lender who is signatory hereto, and to its successors and assigns, and the benefits hereof shall run in favor of all such successors and assigns as though initially identified herein as "*Lender*". The representations, warranties, covenants and undertakings of Borrower hereunder are binding upon Borrower, and upon Borrower's successors and assigns.

**5.5 Notices and Captions.** Notices, requests, or demands necessary or appropriate hereunder shall be deemed to be made or given when deposited in the United States mail, postage prepaid, registered or certified mail, addressed to the parties at their respective address shown below. Either party, by written notice, may designate a different address for its receipt of notice.

**TO LENDER:**

Placid Enterprises LLC  
P.O. Box 387  
Seeley Lake, Montana 59868-0387

**TO BORROWER:**

Roman Catholic Bishop of Helena,  
a Montana Religious Corporation Sole,  
P.O. Box 1729  
Helena, Montana

**5.6 Waiver.** No failure or delay on the part of Lender in exercising any right under or in respect of this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any further or other exercise thereof or of any other right under or in respect of this Agreement. The rights of Lender under or in respect of this Agreement shall be cumulative and not exclusive of any right of remedy Lender would otherwise have.

**5.7 Attorneys Fees.** In the event this Agreement is placed into litigation, there shall be paid to the prevailing party in addition to any other sums, its costs and reasonable attorney and paralegal fees and costs.

**5.8 Governing Law.** This Agreement and all other loan documents shall be governed by the laws of the State of Montana.

**5.9 Venue.** Venue for any action under this Agreement or any Loan Document shall be proper in the Montana Fourth Judicial District Court, in and for the County of Missoula.

**5.10 Representation by Counsel.** Borrower and Lender have each been represented by legal counsel in the negotiation and execution of this Agreement and the Loan Documents.

**5.11 Merger.** This Agreement and the Loan Documents represent the entire agreement between the Borrower and Lender. Any modification thereto must be in writing signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**LENDER:**

Placid Enterprises, LLC,  
A Montana Limited Liability Company,

By: Richard A. Kreitzberg Living  
Trust U/A Dtd 10/30/2000, Member

By: \_\_\_\_\_  
Richard A. Kreitzberg, Trustee

**BORROWER:**

Roman Catholic Bishop of Helena, Montana,  
A Montana Religious Corporation Sole,

By: \_\_\_\_\_  
Most Reverend Bishop  
George Leo Thomas

EXHIBIT "A"

This Agreement pertains to a loan from Lender to Borrower secured by real property, located in Missoula County and Lewis and Clark County, and more particularly described as follows:

*Parcel 1:*

Lot 1 in Block 15 of the Flowerree Addition to the City of Helena, Lewis and Clark County, Montana.

**"Catholic Social Services of Montana" 1301 11th Ave., Helena, MT 59601.**

*Parcel 2:*

Lot 4 in Block 15 of the Flowerree Addition to the City of Helena, Lewis and Clark County, Montana

**"Montana Catholic Conference" 1309, 1311, 1313 11th Ave, Helena, MT 59601.**

*Parcel 3:*

The south 1/2 of Lots 10, 11 , and 12 in Block 434 of the Allen Addition to the City of Helena, Lewis and Clark County, Montana. (Ref: 185 Deeds 119)

AND, all of Lot 9 and the north 1/2 of Lots 10, 11, and 12 in Block 434 of the Allen Addition to the City of Helena, Lewis and Clark County, Montana. (Ref: Decree, 126 Deeds 572)

**"Chancery Building", 515 N. Ewing St. Helena, MT 59601.**

*Parcel 4:*

Lots 7 and 8 in Block 434 of the Allen Addition to the City of Helena, Lewis and Clark County, Montana.

**"Rectory" 512 N. Rodney, Helena, MT 59601.**

*Parcel 5:*

Lot 15 and the west one-half of Lot 16 in Block 9 of the Carson Addition to the City of Helena, Lewis and Clark County, Montana. (Ref: 200 Deeds 475)

**"Bishop's Residence", 1726 Locky Avenue, Helena, MT 59601.**

*Parcel 6:*

TRACTS "A" and "B-1-A, located in the W1/2 of Section 17, Township 10 North, Range 3 West, P.M.M., Lewis and Clark County, Montana, as shown on Certificate of Survey filed under Document No.3207070.

Tract B-1, being located in the SW1/4 of Section 17, Township 10 North, Range 3 West, M.P.M., Lewis and Clark County, Montana, as shown on the Certificate of Survey filed under Doc. No. 599630/13.

**"Cemetery Property"**

*Parcel 7:*

All of the Northeast Quarter of the Northwest Quarter (NE-1/4 NW-1/4) of Section 32, Township 22 North, Range 17 West, M.P.M., Lake County, Montana, lying North of Jim Creek, as the same crosses this 40 acre tract, including Block Two (2) of Jim Creek Tracts, according to the plat thereof on file and of record in the office of the County Clerk and Recorder of Lake County, Montana;

Excepting therefrom, however, Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), and Nine (9), of Block (1) of Jim Creek Tracts, and excepting therefrom Lot 2 of Block Two (2) of Jim Creek Tracts, according to the plat thereof in the office of the County Clerk and Recorder of Lake County, Montana.

21592 Sycamore Tree Lane, Bigfork, MT 59911  
Lake County

**"Sycamore Tree" property"**

Lot 1, Section 8 and Lot 2, Section 9, Township 15 North, Range 14 West of the Montana Meridian, containing 31.54 acres and 16.85 acres, according to the United States Government Survey thereof; together with all water rights appertaining thereto; subject to all restrictions, reservations, easements, and rights-of-way of record.

*Parcel 8:*

**"Legendary Lodge" and located at 2127 Montana Highway 83 North, Seeley Lake, Missoula County, Montana**

*Parcel 9:*

Lots 1, 2, 3, 4, 5, 6, 7, 8 and 9, in Block 89 of Knowles Addition No. 3 to the City of Missoula, in Missoula County, Montana, according to the official recorded plat thereof.

AND

A tract of land situated in the NE1/4SW1/4 of Section 21, Township 13 North, Range 19 West, Principal Meridian, Montana, in Missoula County, Montana, which is particularly described as follows, to-wit:

All that portion of the following described tract of land which lies Southerly of the Southerly right of way boundary of the Canal of the Missoula Irrigation District, as said Canal is presently in existence over and across said NE1/4SW1/4:

Beginning at a point on the North right of way boundary of South First Street West which is 59.35 feet East of the East right of way boundary of Oak Street and which point is also 400 feet West of the intersection of the North right of way boundary of said South First Street West and the Northwest right of way boundary line of the Northern Pacific Railway Company's Bitterroot Branch Line; thence West along the North right of way boundary of said South First Street West for a distance of 59.35 feet; thence North 0°06'15" East along the East right of way boundary of said Oak Street for a distance of 150.0 feet; thence West a distance of 505.30 feet to the East right of way boundary of California Street; thence North 0°06'15" East a distance of 557.30 feet to the South right of way boundary line of the Chicago, Milwaukee, St. Paul & Pacific Railroad Company; thence South 89°38'15" East a distance of 919.99 feet along said Railroad right of way boundary line; thence South 0°12'45" West a distance of 88.1 feet to an irrigation ditch; thence along the irrigation ditch South 70°29' West a distance of 378.10 feet; thence South 0°01' East a distance of 486.80 feet to the place of beginning. Together with vacated Oak Street North of South First Street West and the alley lying North of South First Street West between Oak and California Streets as vacated by Resolution No. 2513, filed May 28, 1965 in Book 'W' of Misc. at page 221, records of Missoula County, Montana.

AND

A certain tract, piece or parcel of land situated in the Northeast Quarter of the Southwest Quarter (NE1/4SW1/4), Section Twenty-one (21), Township Thirteen (13) North, Range Nineteen (19) West, and more particularly described as follows:

Beginning at the center of Section Twenty-one (21), Township Thirteen (13) North, Range Nineteen (19) West, thence South 0°15' East a distance of 90.0 feet to the West right-of-way line of the Northern Pacific Railway (Bitterroot Branch), thence curving to the right on the arc of a

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PLACID ENTERPRISES, LLC - ROMAN CATHOLIC BISHOP OF HELENA, MONTANA

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1°0' curve (central angle 9°27') and along said West line of Northern Pacific Railway right-of-way a distance of 705.0 feet to the North line of South First Street West, thence South 89°51' West, and along the North property line of said South First Street West, a distance of 400.0 feet, thence North 0°09' West a distance of 486.8 feet, thence North 70°06' East a distance of 379.2 feet, thence North 0°09' West, a distance of 88.1 feet, to the South right-of-way line of the Chicago, Milwaukee, St. Paul & Pacific Railway, thence North 90°0' East, along said South right-of-way line a distance of 400.0 feet to the place of beginning.

RECORDING REFERENCE: Book 239 of Deeds at Page 360

**"First Street Property", 901 1st St. W., Missoula, MT 59801.**

(collectively "the Property")