

**INDUCEMENT AGREEMENT
(TAX EXEMPT BOND)**

THIS AGREEMENT is entered into by and between the Finance Authority of Maine (hereinafter called the "Authority") and _____, a Maine Corporation (hereinafter called the "Borrower").

1. Preliminary Statement. Among the matters of mutual inducement which have been previously discussed by the parties and have resulted in the execution of this Agreement are the following:

(a) The Authority is authorized under the provisions of Chapter 110 of Title 10 of the Maine Revised Statutes, as amended (the "Act"), including especially subchapter III thereof, to issue revenue obligation securities ("bonds") of the Authority to pay the cost of or provide financial assistance for the acquisition, construction, reconstruction, renewal or replacement of eligible projects in the State and to enter into agreements with one or more users of such eligible projects to provide for payments which will be sufficient to pay the principal of and interest on, and redemption premium, if any, on, such bonds as they become due and payable, as well as to pay any and all costs and expenses arising out of or related to the issuance and servicing of such bonds of the Authority, all for the purpose of, *inter alia*, providing enlarged opportunities for gainful employment by the inhabitants of the State and to insure the betterment of the economy of the State and the living standards and health of its inhabitants.

(b) The Borrower desires to undertake an eligible project consisting of:

(the "Project") in _____, Maine.

(c) Subject to execution of this Agreement by the parties and the execution by the parties of financing documents as contemplated by Section 3(b) hereof, the Authority is willing to take such steps as it may deem reasonably necessary or desirable to provide bond financing for a portion of the cost of such Project and other expenses related thereto, all of which will have an estimated cost not exceeding \$_____.

(d) The Borrower and the Authority anticipate that the Project will promote the purposes of and is authorized by the Act and will help to further the economic well-being of the inhabitants of the State and to insure preservation and betterment of the living standards and health of the inhabitants of the State.

(e) The Authority is desirous of the Borrower's undertaking the Project, and the Authority wishes to induce such undertaking and to assist the Borrower therein by providing bond financing for a portion of the Project to the extent contemplated by this Agreement.

(f) The Borrower wishes to obtain the assurances contained in this Agreement before proceeding further with substantial expenditures for the Project.

(g) The Authority wishes to indicate its approval of the Project and its present intent to issue its bonds to pay a portion of the costs of the Project, and to take its initial official action with respect thereto.

(h) The acquisition, construction or other implementation of the Project should not be delayed until after a Certificate of Approval has been issued, a resolution of the Authority adopted specifically authorizing issuance of the bonds and a loan insurance or other financing commitment issued for the Project, which could not be immediately accomplished.

2. Undertakings on the Part of the Authority. Subject to the conditions herein stated, the Authority agrees as follows:

(a) That, subject to: a determination by bond counsel that the Project is eligible for tax-exempt financing, the issuance of a Certificate of Approval, the issuance of a loan insurance or other financing commitment, an allocation of the State ceiling, and subject to adoption of a bond resolution by members of the Authority, the Authority will undertake to use its best efforts to proceed, subject to agreement among the Authority, the Borrower and the purchaser of the bonds as to the terms, conditions, timing and pricing of the bonds and agreement on the terms and conditions of all instruments and agreements to be entered into with respect to the Project and the bonds, to issue and sell its bonds, or a series thereof, pursuant to the terms of the Act, in aggregate amount not exceeding \$ _____ for the purpose of financing a portion of the Project; provided that this agreement shall not in any way obligate the Authority to issue such Certificate of Approval, to adopt such a bond resolution, to issue an allocation of the State ceiling or to approve loan insurance or other credit enhancement for the Project. That portion of the bonds providing financing for the Project shall be payable solely from the revenues derived from or in connection with the Project pursuant to agreements entered into between the Borrower and the Authority and the bonds shall not constitute any debt or liability of the State, or any political subdivision thereof, or of the Authority, or a pledge of the faith and credit of the State or any political subdivision, but shall be payable solely from the revenues of the Project, except as may be provided in a Loan Insurance Contract, Capital Reserve Contract or other credit enhancement agreement with the respect to the Project executed by the Authority. The Authority's undertakings hereunder may, at the Authority's discretion, be subject to the Authority being successful in assembling a pool of eligible projects to be financed from the proceeds of the bonds in all respects satisfactory to the Authority and the purchaser of the bonds.

(b) That it will take or cause to be taken such other acts and adopt such further proceedings as may be reasonably required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3. Undertakings on the Part of the Borrower. Subject to the conditions stated above, the Borrower agrees as follows:

(a) That it will proceed with the Project and use its best efforts to cause it to be completed, subject to the availability of proceeds from the issuance of the bonds, and the Borrower may expend such funds as may be necessary to accomplish such purposes, subject to reimbursement for qualifying expenditures from the proceeds of the bonds.

(b) That, contemporaneously with the delivery of such bonds, or within such reasonable time thereafter (in no event to be a longer time than required to maintain the tax-exempt status of the bonds) as the Authority shall decide, it will enter into appropriate financing documents ("Financing Documents") with the Authority under the terms of which it will obligate itself to pay to the Authority payments sufficient in the aggregate to pay the principal of and interest on and the redemption premium, if any, on that portion of such bonds issued to finance the Project as and when the same shall become due and payable, and to pay such other costs and expenses of the financing, including but not limited to Trustee's fees, underwriters' fees, paying agent's fees, remarketing fees (if the interest rate is variable), letter of credit fees and reimbursement amounts, such Financing Documents to contain provisions required by law and such other provisions as may be required by the Authority consistent with similar past financings, and such other further provisions as shall be mutually acceptable to the Authority and the Borrower.

(c) That it will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

(d) (i) The Borrower hereby releases the Authority from and agrees to indemnify and hold harmless the Authority, its members and employees, from any and all losses, claims, damages, liabilities, or expenses whatsoever, whether based on a tort, contractual, or other claim of any nature whatsoever including, but not limited to, any failure of the Authority to provide the financing contemplated hereby or any loss or damage to property or injury to or death of any persons, that arises out of the acquisition, construction, financing or operation of the Project or the failure of the Borrower to perform any of its obligations relating to the Project or the failure of the Authority to perform any of its obligations hereunder or under the bonds or Financing Documents. In case any action shall be brought against the Authority as a result of or concerning the Project or the financing thereof, the Borrower shall promptly assume the defense thereof, including the employment of counsel, and payment of all expenses, and the Authority shall have the right to employ separate counsel in any such action and to participate in the defense thereof, including the right to negotiate and consent to a settlement.

(ii) The Borrower further agrees to pay promptly upon receipt of an invoice, bill, or other evidence of an expense incurred, all reasonable and necessary out-of-pocket expenses, including attorney's fees, which the Authority may have incurred arising from the execution of this Agreement and the performance by the Authority of its obligations hereunder, including but not being limited to those expenses incurred in anticipation of the issuance of the bonds, at the request or behest of the Borrower or to or for the benefit of the Borrower, including fees, charges and expenses of consultants and prospective trustee(s), paying agent(s), remarketing agent(s), underwriter(s) and bond counsel, whether or not the bonds are issued, subject to proration of such expenses as may be common to all eligible projects proposed to be financed by the proceeds of the bonds.

(iii) This Paragraph 3(d) shall survive the payment in full of such bonds and the termination of any and all documents including any lease or sale agreement, relating to the Project.

4. General Provisions.

(a) All commitments of the Authority under Paragraph 2 hereof and of the Borrower under Paragraph 3 hereof [except 3(d), which shall be applicable and survive as stated] are subject to the condition that on or before twelve months from the date hereof (or such other date as shall be mutually satisfactory to the Authority and the Borrower), the Authority and Borrower shall have agreed to mutually acceptable terms for such bonds and for the sale and delivery thereof, and mutually acceptable terms and conditions of the Financing Documents referred to in Paragraph 3 and the proceedings referred to in Paragraph 2 and 3. In the event such bonds are not sold this Agreement shall thereupon terminate, unless extended by the parties hereto, in writing, subject to Paragraph 3(d) above, and subject to being reinstated by the parties hereto by written agreement at any time after termination.

(b) The failure of the Authority to insist upon strict performance of any of the obligations of the Borrower throughout and pursuant to the Project shall not be taken as a waiver of the right to insist upon strict performance by the Borrower or the right to exercise any remedy on account of any further breach thereof.

(c) This Agreement constitutes "other similar official action" under the provisions of Section 1.103 of the Internal Revenue Code Income Tax regulations.

(d) This Agreement shall be binding upon and inure to the benefit of the successors and assigns (provided the Authority must approve in writing in advance any assignment of Borrower's rights hereunder) of the parties hereto.

(e) Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. However, the provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid, illegal or unenforceable in whole or in part, then such invalidity, illegality or unenforceability shall affect only such clause or provision, or part thereof, and shall not in any manner affect any other clause or provision of this Agreement and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

(f) This Agreement may be executed in any number of counterparts, and by each party on a separate counterpart, each of which shall be deemed an original, but all of which constitute one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

(g) All subjects of negotiation and discussion between the parties on which agreement has been reached have been incorporated and integrated into this Agreement, and there are no side agreements or understandings between and among the parties other than as be set forth herein, and no evidence of any such side agreements or understandings between and among the parties shall be permitted to vary the terms and conditions set forth herein, nor may any prior drafts of this Agreement be used as evidence of or to construe this Agreement.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Maine. The parties hereby stipulate and agree that the definition of and standard of "good faith" and/or "good faith and fair dealing" under the statutory and common law (and the law of equity) of the State of Maine as applicable to this Agreement and each document executed pursuant hereto or to any other instrument related hereto or mentioned herein shall be (and shall only be) "honesty in fact in the conduct or transaction concerned."

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their officers hereunto duly authorized as of the _____ day of _____, 20_____.

WITNESS:

Finance Authority of Maine

By:

Its: Chief Executive Officer

(Company Name, please print)

By:

Its: