

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

Form 8-K

Current Report

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 18, 2020

NORTHEAST BANK

(Exact name of registrant as specified in its charter)

Maine
(State or other jurisdiction of incorporation)

01-0029040
(I.R.S. Employer Identification No.)

27 Pearl Street
Portland, Maine 04101
(Address, including zip code, of principal executive office)

Registrant's telephone number, including area code: (207) 786-3245

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Voting Common Stock, \$1.00 par value	NBN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD

Pursuant to the Loan Purchase and Sale Agreement (the “Loan Sale Agreement”) disclosed in Item 8.01 below, Northeast Bank (the “Bank”) has agreed to sell approximately \$457.6 million in outstanding principal amount of loans originated by the Bank in connection with the Small Business Administration’s (the “SBA”) Paycheck Protection Program (“PPP”) to The Loan Source, Inc. (“Loan Source”). After amortizing previously unamortized PPP loan origination fees, the Bank will realize a pre-tax gain of approximately \$9.8 million in the current fiscal quarter as a result of the sale.

As previously disclosed by the Bank, on June 12, 2020, the Bank entered into a Paycheck Protection Program Liquidity Facility Correspondent Agreement with Loan Source and ACAP SME, LLC (“ACAP”) (the “Correspondent Agreement”), pursuant to which the Bank will act as the correspondent for Loan Source in connection with Loan Source’s pledge of the PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility (the “PPPLF”) and ACAP will act as servicer for the PPP loans pledged by Loan Source. Under the terms of the Correspondent Agreement, Loan Source will pay correspondent fees to the Bank for acting as correspondent with respect to PPP loans originated by lenders other than the Bank in an amount equal to 50% of the difference between (1) the par value of the PPP loan less (2) the sum of purchase price, referral fees and other costs associated with the loan. The Bank will also receive 50% of the net servicing income earned over time on such loans. Through June 23, 2020, Loan Source is in the closing process of purchasing approximately \$1.27 billion in outstanding principal amount of PPP loans, including the \$457.6 million of PPP loans from the Bank and approximately \$815.3 million of PPP loans from lenders other than the Bank. Upon the pledge of these loans in accordance with the terms of the Correspondent Agreement, the Bank will receive correspondent fees of approximately \$2.9 million, which will be recognized over a period of approximately two years, and will receive 50% of the net servicing income earned over time on such loans. Loan Source has informed the Bank that it intends to continue to purchase PPP loans and pledge them under the PPPLF as long as the PPPLF remains operational. The Bank expects to earn additional correspondent fees and servicing income on loans subsequently pledged pursuant to the Correspondent Agreement.

On May 14, 2020, the Bank reported preliminary approval for \$585.9 million of PPP loans. Through June 24, 2020, the Bank has originated \$475.5 million of PPP loans. The amount of preliminary approvals and the amount of loans originated can differ for multiple reasons, which includes, but is not limited to, approved applications being withdrawn, applications being submitted to multiple institutions, or loans being repaid by the borrowers. The Bank intends to continue to originate PPP loans, and to sell such PPP loans to Loan Source under the terms of the Loan Sale Agreement, until the PPP is closed. However, the Bank does not expect the volume of PPP loan originations to continue at the same rate of PPP loan originations previously closed.

Item 8.01 Other Events

On June 18, 2020, the Bank entered into the Loan Sale Agreement with Loan Source. Pursuant to the terms of the Loan Sale Agreement, the Bank will sell, from time to time, certain PPP loans to Loan Source (the “Sold Loans”). The Bank will receive fee income on the Sold Loans until such time as the Sold Loans are forgiven or repaid. The Bank will retain all fees paid to it by the SBA for originating PPP loans.

Sold Loans will be sold subject to certain representations, warranties and covenants set forth in the Loan Sale Agreement. Certain representations, warranties and covenants of the Bank with respect to the Sold Loans survive through the maturity date of the Sold Loans and, if any such representation, warranty or covenant is breached with respect to a Sold Loan and the breach is not cured within 30 days of the Bank’s receipt of notice of such breach, the Bank is required to repurchase the Sold Loan at a price equal to the outstanding principal balance of the Sold Loan as of the date of repurchase, plus all accrued but unpaid interest thereon.

The description above is qualified in its entirety by reference to the full text of the Loan Sale Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 8.01.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

**Exhibit
Number**

Description

10.1	Loan Purchase and Sale Agreement, dated June 18, 2020, by and between Northeast Bank and The Loan Source, Inc.
99.1	Press release dated June 25, 2020

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHEAST BANK

By: /s/ Richard Wayne
Name: Richard Wayne
Title: President and Chief Executive Officer

Date: June 25, 2020

FOR IMMEDIATE RELEASE



For More Information:

Jean-Pierre Lapointe, Chief Financial Officer
Northeast Bank, 27 Pearl Street, Portland, ME 04101
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www.northeastbank.com

Northeast Bank Announces Sale of Paycheck Protection Program Loans

Portland, ME (June 25, 2020) – Northeast Bank (the “Bank”) (NASDAQ: NBN), a Maine-based full-service bank, announced today that it has entered into a Loan Purchase and Sale Agreement (the “Loan Sale Agreement”) with The Loan Source, Inc. (“Loan Source”) and agreed to sell to Loan Source \$457.6 million of loans originated by the Bank in connection with the Small Business Administration’s Paycheck Protection Program (“PPP”). After amortizing previously unamortized PPP loan origination fees, the Bank will realize a pre-tax gain of approximately \$9.8 million in the current fiscal quarter as a result of the sale. In addition, the Bank will receive fee income on the loans sold until such time as the loans are forgiven or repaid.

The sale reflects originations of PPP loans by the Bank through June 11, 2020. The Bank intends to continue to originate and sell PPP loans to Loan Source under the terms of the Loan Sale Agreement until the PPP is closed; however, the Bank expects PPP loan originations to continue at lower volumes going forward.

The Bank also announced that, through June 24, 2020, Loan Source is in the closing process of purchasing approximately \$1.27 billion in outstanding principal amount of PPP loans, including \$457.6 million of PPP loans from the Bank and approximately \$815.3 million of PPP loans from lenders other than the Bank. Pursuant to the Bank’s previously disclosed Correspondent Agreement with Loan Source and ACAP SME, LLC (“ACAP”), the Bank will act as correspondent for Loan Source in connection with Loan Source’s pledge of PPP loans to the Federal Reserve Bank of Minneapolis under the Paycheck Protection Program Liquidity Facility (the “PPPLF”) and ACAP will act as servicer for the PPP loans pledged by Loan Source. With respect to the approximately \$815.3 million of PPP loans purchased by Loan Source from lenders other than the Bank, the Bank will receive correspondent fees of approximately \$2.9 million, which will be recognized over a period of approximately two years, and will receive 50% of the net servicing income earned over time on such loans. Loan Source has informed the Bank that it intends to continue to purchase PPP loans and pledge them under the PPPLF as long as the PPPLF remains operational. The Bank expects to earn additional correspondent fees and servicing income on pledged loans.

“Our team is proud to work closely with so many small business owners across the nation, many of whom were in dire need of PPP funds in order to keep their employees, and their businesses, afloat,” said Rick Wayne, President and Chief Executive Officer. “Our employees worked around the clock to ensure small businesses across the country received critical relief during the global COVID-19 pandemic. This collective effort resulted in over 4,100 loans and helped to save tens of thousands of associated jobs.” Mr. Wayne continued, “The loan sale will result in a significant gain in the current quarter and provide additional liquidity for the Bank to originate and purchase loans. We expect that the loan sale and correspondent relationship will generate significant income going forward and are excited to partner with Loan Source and ACAP in connection with these initiatives.”

About Northeast Bank

Northeast Bank (NASDAQ: NBN) is a full-service bank headquartered in Portland, Maine. We offer personal and business banking services to the Maine market via nine branches. Our Loan Acquisition and Servicing Group purchases and originates commercial loans on a nationwide basis. ableBanking, a division of Northeast Bank, offers online savings products to consumers nationwide. Information regarding Northeast Bank can be found at www.northeastbank.com.

Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although the Bank believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors. You should not place undue reliance on our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Bank's control. The Bank's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, the negative impacts and disruptions of the COVID-19 pandemic and measures taken to contain its spread on our employees, customers, business operations, credit quality, financial position, liquidity and results of operations; the length and extent of the economic contraction resulting from the COVID-19 pandemic; continued deterioration in general business and economic conditions on a national basis and in the local markets in which the Bank operates, including changes which adversely affect borrowers' ability to service and repay our loans; changes in customer behavior due to changing business and economic conditions or legislative or regulatory initiatives; continued turbulence in the capital and debt markets; changes in interest rates and real estate values; increases in loan defaults and charge-off rates; decreases in the value of securities and other assets, adequacy of loan loss reserves, or deposit levels necessitating increased borrowing to fund loans and investments; changing government regulation; competitive pressures from other financial institutions; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters and future pandemics; the risk that the Bank may not be successful in the implementation of its business strategy; the risk that intangibles recorded in the Bank's financial statements will become impaired; changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Bank's Annual Report on Form 10-K and updated by our Quarterly Reports on Form 10-Q and other filings submitted to the Federal Deposit Insurance Corporation. These statements speak only as of the date of this release and the Bank does not undertake any obligation to update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this communication or to reflect the occurrence of unanticipated events.

LOAN PURCHASE AND SALE AGREEMENT

This **LOAN PURCHASE AND SALE AGREEMENT** (as amended, restated, supplemented or otherwise modified from time to time, and including all exhibits attached hereto, the “*Agreement*”), dated as of June 16, 2020, is between Northeast Bank, a Maine Banking Corporation (the “*Seller*”), and The Loan Source Inc., a Delaware corporation (the “*Purchaser*”).

RECITALS

WHEREAS, Purchaser is a lender authorized to underwrite, originate and fund loans, as well as service, manage and liquidate the subsequently resulting loan portfolios, under the Paycheck Protection Program (“*PPP*”) established by Section 1102 of Division A, Title I of the Coronavirus Aid Relief and Economic Security Act enacted March 27, 2020 (“*CARES Act*”) which program modifies Section 7(a) of the Small Business Act 15 U.S.C. 636(a);

WHEREAS, Seller is a lender authorized to underwrite, originate and fund loans, as well as the service, manage and liquidate the subsequently resulting loan portfolios under the PPP;

WHEREAS, Purchaser desires to obtain from Seller all of Seller’s right, title and interest in certain loans originated by Seller under the PPP (each, a “*Loan*” and collectively, the “*Loans*”) and the other related Property, without recourse from Seller on a servicing released basis and on the terms set forth herein, and Seller agrees to Transfer without recourse to Purchaser such Transferred Loans and other Property; and

WHEREAS, the Parties mutually intend for this Agreement to set forth the terms and conditions governing Seller’s Transfer to Purchaser of the Transferred Loans and the other related Property contemplated hereunder.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE ONE

CERTAIN DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings:

“*Acknowledgement*” has the meaning specified in Section 4.02(b).

“*Affiliate*” means with reference to any Person or entity, another Person controlled by, under the control of or under common control with that Person.

“*Agreement*” has the meaning given to such term in the Preamble.

“*Applicable Laws*” means all federal, state and local laws, statutes, rules, regulations, court orders and decrees, administrative orders and decrees, guidance from any Regulatory Authority

over a Party or other binding guidance and other legal requirements of any and every conceivable type applicable to a relevant Person, and all requirements of any Regulatory Authority having jurisdiction over such Person, as any such laws, statutes, regulations, orders or requirements may be amended and in effect from time to time.

“*Assignment*” has the meaning specified in Exhibit A Section (m).

“*Borrower*” means, with respect to any Loan, collectively, each obligor or obligors of the payment obligation for such Loan (including any co-borrower, co-maker, cosigner or guarantor).

“*Business Day*” means any day other than (i) a Saturday, (ii) a Sunday, or (iii) any day that is a legal holiday under the laws of the State of New York.

“*CARES Act*” has the meaning given to such term in the Recitals.

“*Closing Date*” means the date or dates of Transfer of each Transferred Loan from Seller to Purchaser, and the payment of the Transferred Loan Purchase Price by Purchaser to Seller under this Agreement.

“*Custodial Agreement*” means the Custodial and Escrow Agreement between Purchaser, Seller and “*Custodian*” (as defined in the Custodial Agreement) by which the Property will be placed and held in escrow until the Closing Date.

“*Custodial Delivery Certificate*” has the meaning give to such term in the Custodial Agreement.

“*Federal Reserve*” means the United States Federal Reserve of Minneapolis.

“*Governing Law*” has the meaning specified in Section 6.07.

“*Interim Final Rule*” means Interim Final Rule 1 published by SBA, Wednesday April 15, 2020 Fed. Reg. Vol. 85 No. 73, page 20811).

“*KYC/AML/BSA Laws*” means collectively, (i) the Bank Secrecy Act of 1970, as supplemented by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, and any rules and regulations promulgated thereunder applicable to Seller; (ii) Office of Foreign Asset Control (“*OFAC*”) rules and regulations regarding the blocking of assets and the prohibition of transactions involving persons or countries designated by OFAC; and (iii) any other Applicable Laws relating to customer identification, anti-money laundering or preventing the financing of terrorism, each as amended.

“*Lien*” means any security interest, lien, claim, charge, pledge or encumbrance of any kind other than tax liens, mechanics’ or materialmen’s liens, judicial liens and any other liens that may attach by operation of law.

“*Loan*” has the meaning given to such term in the Recitals.

“*Loan Documents*” means, with respect to any Transferred Loan, the Note, loan agreement and other documents including, without limitation, all documentation required by PPP Loan Program Requirements, to comply with KYC/AML/BSA Laws, and instruments executed and delivered, and electronic records created, in connection with the origination, funding, acquisition and ownership of each such Loan.

“*Loan Documents File*” has the meaning give to such term in the Custodial Agreement.

“*Loan Guaranty Agreement*” means a SBA Form 750, SBA Form 3506, or SBA Form 3507, as applicable, executed by an approved lender under the SBA’s PPP Loan Program Requirements or Section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

“*Loan Tape Issues*” has the meaning specified in Section 5.03.

“*Loan Warranty Period*” has the meaning specified in Section 3.03.

“*Losses*” has the meaning specified in Section 7.01(a).

“*Material Adverse Change*” means, with respect to any Person, any adverse change in the business, financial condition, operations, or properties of such Person that would substantially prevent or impair the Person’s ability to perform any of its obligations under this Agreement (which impairment cannot timely be cured, to the extent a cure period is applicable).

“*Material Adverse Effect*” means (a) with respect to a Party, (i) a Material Adverse Change with respect to such Party, or any of its Affiliates taken as a whole; or (ii) an adverse effect upon the legality, validity, binding effect or enforceability of this Agreement against such Party, or (b) with respect to a Transferred Loan, a material adverse effect upon the legality, validity, binding effect, collectability or enforceability of such Transferred Loan.

“*Non-Public Personal Information*” has the meaning ascribed to such term under the Gramm-Leach-Bliley Act of 1999 (Public Law 106-102, 113 Stat. 1338), as amended from time to time and regulations promulgated thereunder.

“*Note*” means the promissory note evidencing the outstanding obligation under each Loan.

“*Note Tranche*” has the meaning specified in Section 6.01(a).

“*Party*” means either of Seller or Purchaser, and “*Parties*” means both Seller and Purchaser.

“*Payments*” has the meaning specified in Section 2.06.

“*Person*” means any individual, corporation (including a business trust), partnership, joint venture, association, bank, limited liability company, joint-stock company, estate, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity.

“*PPP*” has the meaning given to such term in the Recitals.

“*PPP Loan Program Requirements*” means all PPP requirements and SBA guidelines under the CARES Act, section 7(a)(36) of the Small Business Act, any rules or guidance that has been issued by SBA implementing the PPP, including the Interim Final Rule, or any other applicable SBA loan requirements, as defined in 13 CFR § 120.10, et.seq., as amended or supplemented as of the Closing Date.

“*PPPLF*” has the meaning specified in Section 4.02(c).

“*PPPLF Confirmation*” has the meaning specified in Section 4.02(c).

“*PPPLF Funds*” has the meaning specified in Section 6.01(a).

“*Proceeding*” means any suit in equity, action at law or other judicial or administrative proceeding.

“*Property*” has the meaning specified in Section 2.01.

“*Purchase Documents*” means this Agreement, the Custodial Agreement, the Assignment and such other documents deemed necessary by the Parties in order to effectuate the Transfers as contemplated by this Agreement.

“*Purchaser*” has the meaning given to such term in the Preamble.

“*Purchaser Indemnified Party*” has the meaning specified in Section 7.01(c).

“*Records*” means, with respect to any Loan and solely to the extent any such records are in possession of Seller, and collected by Seller in connection with the Loan, any and all PPP loan applications of the related Borrower, Non-Public Personal Information of the related Borrower, contact information of the related Borrower, copies of all information received by Seller to verify information, including but not limited to, all documentation required by the PPP Loan Program Requirements for the purposes of the PPP or KYC/AML/BSA Laws, disclosure statements, credit files, servicing and other records, all available credit bureau reports (as allowed by Applicable Laws), correspondence or other documentation or information relating to or regarding such Loan (including computer tapes, magnetic files, and information in any other format).

“*Regulatory Authority*” means any federal, state or local government, or regulatory agency or other governmental agency, department, court, commission, board, bureau, intermediary, carrier or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, having jurisdiction over a Person.

“*Rejected Note*” has the meaning given to such item in Section 6.01(c).

“*Repurchase Price*” means with respect to any Loan being repurchased by Seller under Section 3.03 of this Agreement, an amount equal to the sum of (a) the product of the outstanding principal balance of the such Loan as of the date of repurchase multiplied by the sale price percentage set forth in Exhibit A-2, plus (b) the accrued and unpaid interest (including without

limitation all interest billed and unpaid) with respect to such Loan from the last paid to date through and including the date of repurchase.

“*SBA*” means the U.S. Small Business Administration.

“*SBA Lender Fees*” means a fee earned through the Closing Date by Seller and paid by SBA for originating a Loan to a Borrower which is based on a percentage of the original principal amount of the Loan as provided in the PPP Loan Program Requirements.

“*Seller*” has the meaning given to such term in the Preamble.

“*Seller Indemnified Party*” has the meaning specified in Section 7.01(a).

“*Seller PPP Loan Origination Program*” means Seller originated Loans under the PPP, pursuant to which Seller, or any permitted successor or assigns, confirms average monthly payroll and PPP loan amounts for Borrowers by reviewing payroll documentation submitted with Borrower’s loan application and makes disbursements of funds to such Borrowers in connection with origination of the related Loans.

“*Transfer*” means the sale, transfer, assignment and conveyance of one or more of the Transferred Loans (and related Property), as applicable, such that Purchaser becomes the sole lender of record with respect to each such Transferred Loan. The terms “*Transfers*” and “*Transferred*” have meanings correlative to the foregoing.

“*Transferred Loan*” means each Loan listed in the Transferred Loan Tape which is Transferred to Purchaser on the Closing Date, and “*Transferred Loans*” refers to all such Loans.

“*Transferred Loan Amount*” means the outstanding principal balance of each Transferred Loan on of the Closing Date.

“*Transferred Loan Purchase Price*” means for each Transferred Loan, the purchase price set forth on Exhibit A-2.

“*Transferred Loan Tape*” means the excel spreadsheet delivered to Purchaser on the date of the Custodial Delivery Certificate, which includes, in respect of each Transferred Loan, the following information: Obligation /Loan Number, SBA Loan Number, Borrower Name, "Original Par Amount", Current Outstanding Principal Balance, Maturity Date, Interest Next Due Date, Principal Next Due Date, Borrower EIN/SSN, Borrower's Address, Note Date, Lender Client before PPP?, Primary Contact Name and Primary Contact Email.

“*Transfer Notice*” has the meaning specified in Section 2.02.

“*UCC*” means, unless the context otherwise requires, the Uniform Commercial Code as in effect in the relevant jurisdiction.

Section 1.02. Interpretation.

(a) References to words such as “this Agreement,” “herein,” “hereof” and the like shall refer to this Agreement as a whole and not to any particular part, Article or Section within such Agreement. References in an agreement to “Article,” “Section,” “Exhibit,” “subsection” or another subdivision or to an attachment are, unless otherwise specified, to an article, section, exhibit, schedule, subsection or other subdivision of or an attachment to such agreement. The term “or” means “and/or” and the term “including” means “including without limitation.”

(b) The definitions contained in this Agreement are equally applicable to both the singular and plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

(c) Unless the context otherwise requires, any agreement or statute defined or referred to in this Agreement means such agreement or statute as from time to time amended, modified, supplemented or replaced, including (in the case of agreements) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and includes (in the case of agreements) references to all attachments thereto and instruments incorporated therein and (in the case of statutes) any rules and regulations promulgated thereunder and any judicial and administrative interpretations thereof.

(d) References to a Person are also to its permitted successors and assigns.

(e) References to deposits, transfers and payments of any amounts refer to deposits, transfers or payments of such amounts in immediately available funds; and the term “proceeds” has the meaning ascribed to such term in the UCC.

(f) The fact that any Party provides approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either Party agrees that the item or information for which the other Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed the other Party’s obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party’s approval or consent impairs in any way the other Party’s rights or remedies under this Agreement.

ARTICLE TWO

TRANSFER OF LOANS

Section 2.01. Transfer of Loans. Pursuant to the terms and conditions of this Agreement, on each Closing Date, Seller hereby transfers, assigns and otherwise conveys to Purchaser, without recourse, and Purchaser hereby acquires from Seller all right, title and interest of Seller in, to and under the following, whether now owned or existing or hereafter acquired or arising:

(i) the Transferred Loans Transferred on such Closing Date;

(ii) the related Loan Documents, the related Records for each of the Transferred Loans Transferred on such Closing Date;

(iii) all proceeds from the Transferred Loans Transferred on each such Closing Date (including without limitation any monthly payments and any prepayments), all unpaid periodic interest and finance charges due or which may become due with respect thereto, all fees (including late payment fees) applicable to such Transferred Loans for such Closing Date, and all other fees, charges and other amounts that may be assessed against the Borrower or otherwise may be due and payable thereunder, in each case received or receivable on or after the applicable Closing Date; provided, however, all SBA Lender Fees, whether paid prior to or after the applicable Closing Date, shall at all times remain the property of Seller, and as between Purchaser and Seller, Seller shall have the right to receive and retain such SBA Lender Fees. If Purchaser inadvertently receives any SBA Lender Fee after the Closing Date, it shall hold such SBA Lender Fee in trust for Seller and shall promptly turn over such SBA Lender Fee to Seller as instructed in writing by Seller;

(iv) all other rights (including, without limitation, servicing rights), interests (whether whole, fractional or otherwise), benefits, proceeds, remedies and claims arising from or relating to the Transferred Loans;

(v) to the extent applicable, all collateral for the Transferred Loans, including all investment property, goods, instruments, chattel paper, money, documents, deposit accounts, supporting obligations, general intangibles or accounts (as each term is defined in the UCC); and

(vi) all income and proceeds of the foregoing on and after the Closing Date.

The foregoing clauses (i) through (vi) are collectively referred to as the “*Property*.”

The Borrowers will be notified by Purchaser in connection with the Transfer of the Property to Purchaser. Purchaser or its Affiliates shall not solicit and/or market banking products and services to Borrowers; provided, however, that nothing contained in this Section 2.01 shall be deemed to prohibit general solicitations by Purchaser by newspapers, television, radio, and internet not specifically directed or targeted to the Borrowers of the Loans

Seller relinquishes all title and control over the Property upon the Transfer thereof to Purchaser. In no event shall any termination of this Agreement be deemed to rescind or otherwise retroactively affect the Transfer made hereunder prior to such termination.

Section 2.02. Transfer Notice. Upon placement of the Transferred Loan Tape and related Loan Documents into the custody of the Custodian under the Custodial Agreement, Seller shall immediately provide SBA’s Office of Credit Risk Management with written notice of the Transfer of the Transferred Loans to Purchaser (the “*Transfer Notice*”). The Transfer Notice will include a loan list assembled in ascending order that includes: SBA loan number, borrower name, original loan amount, current amount principal balance, and maturity date. The Transfer Notice shall be emailed PPPLoanSales@sba.gov, with a copy provided to Purchaser.

Section 2.03. Treatment of Transfer.

The Parties intend that each Transfer of Property hereunder be an absolute transfer, assignment and conveyance and will not account for or treat the transactions contemplated by this Agreement in any manner other than as the absolute transfer, assignment and conveyance of such Property by Seller to Purchaser. In the event that the Transfers and assignments contemplated hereby are held not to be absolute, Seller hereby (i) grants to Purchaser a security interest in all right, title and interest of Seller in, to and under the Property, whether now owned or existing or hereafter acquired or arising, to secure the obligations of Seller hereunder and, to the extent applicable (ii) agrees that this Agreement shall constitute a security agreement under the UCC and any other Applicable Law. To the extent applicable and subject to the prior written consent of SBA, Seller hereby authorizes the filing of any financing statement or continuation statements, and amendments to financing statements, in any jurisdictions and with any filing office as Purchaser may determine, in its sole discretion, are necessary or advisable to perfect (or maintain) the security interest granted to Purchaser in connection herewith. Such financing statements may describe the collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as Purchaser may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the collateral granted to Purchaser in connection herewith. To the extent applicable and subject to the prior written consent of SBA, Purchaser (or its designee) on Seller's behalf may record and file, at Seller's expense, any financing statement or continuation statements, and amendments to financing statements, that Purchaser determines, in its sole discretion, are necessary and advisable pursuant to this Section 2.03.

(a) Each of the Parties hereto hereby agrees that any Property purported to be Transferred by Seller to Purchaser hereunder shall be deemed to no longer be the property, assets or rights of Seller. It is the intent of the Parties hereto that (i) to the fullest extent permitted by Applicable Law, none of Seller or its creditors or, in any insolvency proceeding with respect to Seller or Seller's property, a bankruptcy trustee, receiver, debtor, debtor in possession or similar Person shall have any rights, legal or equitable, whatsoever to reacquire, reclaim, recover, repudiate, disaffirm, redeem or re-characterize as property of Seller any Property purported to be transferred hereunder by Seller to Purchaser and (ii) in the event of a bankruptcy, receivership or other insolvency proceeding with respect to Seller or Seller's property, such property, assets and rights shall not be deemed to be part of Seller's property, assets, rights or estate.

(b) Each of the Parties hereto hereby agrees that the transactions described hereunder are and will be undertaken in good faith by the respective Parties for each Party's bona fide business purposes.

Section 2.04. Transferred Loan Purchase Price. Subject to Section 6.01, as consideration for the Transfer of each Transferred Loan to the Purchaser, the Purchaser shall pay the Seller, by delivery of immediately available funds the Transferred Loan Purchase Price for each Transferred Loan to Seller.

Section 2.05. Transfer of Servicing. In connection with the sale to Purchaser of the Transferred Loans, and on the terms and subject to the conditions contained in this Agreement, on each Closing Date, Seller shall transfer and assign to Purchaser, and Purchaser shall assume,

pay for, perform and discharge from and after the Closing Date, the servicing and administration of the Transferred Loans, and the collection of all payments due under the Transferred Loans, and any all servicing fees associated therewith such that, except as otherwise provided herein, Seller shall have no further servicing or administrative responsibilities with respect to the Transferred Loans. All payments from any Borrower or third party relating to a Transferred Loan, whether principal, interest, fees, servicing fees and reimbursements of costs (collectively, the “*Payments*”), made prior to the Closing Date, as herein defined, will belong to Seller. All such Payments made after the Closing Date will belong to Purchaser. Purchaser shall be responsible to SBA with regard to all servicing actions, including requests to SBA for advance purchases and loan forgiveness, pursuant to the PPP Loan Program Requirements and Applicable Laws.

ARTICLE THREE REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller, as of the date of this Agreement and as of the Closing Date that:

(a) *Organization and Good Standing.* Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) *Power and Authority.* Purchaser has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) *Due Qualification.* Purchaser is duly qualified to do business and is duly qualified and in good standing in all jurisdictions where it is required to be qualified in order to conduct business of the type conducted by Purchaser and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a Material Adverse Effect on the business or operations of Purchaser or Purchaser’s performance hereunder.

(d) *Approved Lender.* Purchaser has executed a Loan Guaranty Agreement with SBA and is authorized to originate and service PPP loans and Purchaser has complied with all PPP Loan Program Requirements and Applicable Laws in order to purchase the Loans from Seller as described herein, including without limitation, the requirements set forth in SBA Procedural Notice Control No: 5000-20024 dated May 1, 2020.

(e) *Due Authorization, etc.* The execution, delivery and performance by Purchaser of this Agreement (i) have been duly authorized by all necessary action by or on behalf of Purchaser, (ii) do not require any approval or consent of any governmental agency or authority, (iii) do not and will not conflict with any provision of its organizational documents, (iv) do not and will not conflict with or result in a breach which would constitute a material default under any material agreement binding upon or applicable to it or such of its property which is material to it, and (v) do not and will not conflict with in any material respect any Applicable Laws applicable to it.

(f) *No Judgments.* There are no judgments, Proceedings or investigations pending against Purchaser or, to Purchaser’s knowledge, threatened against Purchaser, before any

Regulatory Authority having jurisdiction over Purchaser or its properties: (i) asserting the invalidity of this Agreement; or (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(g) *Solvency.* Purchaser's acquiring the Property from Seller is not being consummated with any intent to hinder, delay or defraud any of Purchaser's creditors. Purchaser was solvent immediately prior to the consummation of the transactions contemplated by this Agreement on the date hereof, and will remain solvent immediately following the consummation of the transactions contemplated by this Agreement.

(h) *No Litigation.* There is no litigation or administrative proceeding before any Regulatory Authority presently pending or, to the knowledge of Purchaser, threatened in writing against Purchaser, which would reasonably be expected to have a Material Adverse Effect on Purchaser's ability to perform its obligations under this Agreement.

(i) *Compliance with Applicable Laws.* Purchaser is (i) in compliance with all Applicable Laws, and (ii) is not in violation of any order of any Regulatory Authority or other board or tribunal, except, in the case of both (i) and (ii), where noncompliance is not reasonably expected to materially and adversely affect the Transferred Loans or Purchaser's ability to consummate the transactions contemplated hereby.

(j) *Enforceability.* This Agreement is the legal, valid and binding obligation of Purchaser enforceable in accordance with its terms except as the same may be limited by insolvency, bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity.

(k) *No Conflict.* The execution and delivery of this Agreement, the performance of the transactions contemplated hereby and thereby and the fulfillment of the terms hereof and thereof do not and will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, any Applicable Law applicable to Purchaser or any indenture, contract, agreement, mortgage, deed of trust, or other material instrument to which Purchaser is a party or by which it or any of its properties are bound.

(l) *Independent Evaluation.* Except for the express representations and warranties of Seller in this Agreement, Purchaser's decision to purchase the Loans and assume the liabilities for the Loans provided in Section 2.06 of this Agreement is based upon Purchaser's own independent evaluation of the information made available by or on behalf of Seller, and Purchaser's independent evaluation of the Loan Documents and Records which Purchaser acknowledges and agrees that Seller has made available to Purchaser and that Purchaser has been given the opportunity to inspect prior to the date of this Agreement.

(m) *Loan Forgiveness.* Purchaser hereby acknowledges and agrees that Seller makes no representation or warranty whatsoever with regard to any Borrower's eligibility or Borrower's ability to receive forgiveness of any portion of a Transferred Loan under Applicable Law or the PPP Loan Program Requirements or the amount of forgiveness granted on any Transferred Loan under Applicable Law or the PPP Loan Program Requirements.

The representations and warranties set forth in this Section 3.01 shall survive the Transfer of Property to Purchaser and the termination of this Agreement. Upon discovery by Purchaser of a breach of any of the foregoing representations and warranties, Purchaser shall give prompt written notice thereof to Seller.

Section 3.02. Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser, as of the date of this Agreement and as of the Closing Date that:

(a) *Organization and Good Standing.* Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) *Power and Authority.* Seller has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) *Due Qualification.* Seller is duly qualified to do business and is duly qualified and in good standing in all jurisdictions where it is required to be qualified in order to conduct business of the type conducted by Seller and has obtained all required licenses and approvals, if any, in all jurisdictions in which the ownership or lease of property or the conduct of its business requires such qualifications except those jurisdictions in which failure to be so qualified would not have a Material Adverse Effect on the business or operations of Seller or Seller's execution and delivery of this Agreement or Seller's performance hereunder.

(d) *Due Authorization, etc.* The execution, delivery and performance by Seller of this Agreement (i) have been duly authorized by all necessary action by or on behalf of Seller, (ii) other than notice to SBA, do not require any approval or consent of any governmental agency or authority, (iii) do not and will not conflict with any provision of its organizational documents, (iv) do not and will not conflict with or result in a breach which would constitute a material default under any material agreement binding upon or applicable to it or such of its property which is material to it, and (v) do not and will not conflict with in any material respect any laws specifically applicable to Seller's operations.

(e) *Enforceability.* This Agreement is the legal, valid and binding obligation of Seller enforceable in accordance with its terms except as the same may be limited by insolvency, bankruptcy, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity.

(f) *No Judgments.* There are no judgments, Proceedings or investigations pending against Seller or, to Seller's knowledge, threatened against Seller, before any Regulatory Authority having jurisdiction over Seller or its properties: (i) asserting the invalidity of this Agreement; or (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(g) *Solvency.* The Transfer of the Property by Seller to Purchaser is not being made with any intent to hinder, delay or defraud any of Seller's creditors. Seller was solvent immediately prior to the consummation of the transactions contemplated by this Agreement on the date hereof, and will remain solvent immediately following the consummation of the transactions contemplated by this Agreement.

(h) *Seller's Records.* This Agreement and all related documents describe the conveyance of the Transferred Loans and the other related Property by Seller to Purchaser as an irrevocable and absolute conveyance from Seller to Purchaser and evidence the clear intention by Seller to effectuate such conveyance. Financial statements of Seller, if any, will reflect the foregoing.

(i) *No Litigation.* There is no litigation or administrative proceeding before any Regulatory Authority presently pending or, to the knowledge of Seller, threatened in writing against Seller, which would reasonably be expected to have a Material Adverse Effect on Seller's ability to perform its obligations under this Agreement.

(j) *UCC Information.* Seller is a "registered organization" (as defined in Section 9-102 of the UCC) formed in the state of Maine and for purposes of Article 9 of the UCC, Seller is located in Lewiston, Maine. Seller's exact legal name is as set forth on its signature page hereto.

(k) *KYC/AML/BSA Laws.* Seller has established, maintains and, with respect to each Transferred Loan, has implemented, policies and procedures reasonably designed to ensure its ongoing compliance with applicable KYC/AML/BSA laws, in a manner consistent with the requirements of lenders pursuant to PPP Loan Program Requirements.

(l) *PPP Compliance.* Seller has executed a Loan Guaranty Agreement with SBA and is authorized to originate and service PPP loans.

(m) *Transferred Loan Information.* The information regarding the Transferred Loans submitted to the SBA was submitted pursuant to SBA guidelines under the PPP Loan Program Requirements. The Transferred Loan Tape, as delivered by Seller to the Custodian pursuant to the Custodial Agreement, is in all respects materially accurate and complete, and it accurately represents that the aggregate characteristics of the Transferred Loans are as follows:

Total Number of Loans	Approximately
Total Unpaid Principal Balance	Approximately \$

Section 3.03. Loan Representations and Warranties of Seller. For the period beginning on the Closing Date and ending on the stated original maturity date of a Transferred Loan (but in no case a maturity date as a result of any acceleration of the debt), as it relates to that particular Transferred Loan (the "*Loan Warranty Period*"), upon discovery (or receipt of notice from Purchaser or any assignee) of a breach of any of the representations, warranties or covenants made by Seller in Exhibit A with respect to any Transferred Loan or Transferred Loans, which breach materially and adversely affects the value of the related Loans or the interest of Purchaser in such Loans, the Party discovering such breach shall give prompt written notice to the other. To the extent such breach is capable of correction or cure, Seller shall have a period of thirty (30) days from the earlier of its discovery or its receipt of notice of any such breach within which to correct or cure any such breach. Seller hereby covenants and agrees that if any such breach is not corrected or cured within such thirty (30) day period (or, with respect to such breach not capable of being

cured or corrected, as of the date of notice), Seller shall, not later than ten (10) Business Days following the end of the thirty (30) day cure period or the date of notice with respect to such breaches not capable of cure or correction, repurchase such Loan at an amount equal to the Repurchase Price for each such Loan. The repurchase obligation of Seller set forth herein shall survive the termination of this Agreement for the Loan Warranty Period. It is understood and agreed that the obligations of Seller to cure or repurchase a defective Loan constitute the sole remedy of Purchaser respecting a breach of the representations, warranties and covenants in Exhibit A; provided, however, that this Section 3.03 shall not limit the right of Purchaser to seek any remedy in connection with any breach of any other provision of this Agreement.

Section 3.04. Transfer Upon Repurchase. In connection with any repurchase of a Loan by Seller under Section 3.03 and upon Purchaser's receipt of the Repurchase Price, Purchaser shall, subject to any requirements of Applicable Laws, immediately transfer the Loan Documents and Records related to such Loan (to the extent held by Purchaser) to Seller or its designee in the same manner as said Loan Documents and Records were transferred to Purchaser hereunder. Further, Purchaser agrees to execute any documents as reasonably required by Seller to convey proper title of the repurchased Loan to Seller, including a Transfer Notice to SBA; provided, however, that Seller, in its sole discretion, may waive any requirement that a repurchased Loan be assigned to Seller (in which case, Purchaser would retain title thereto).

ARTICLE FOUR

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of this Agreement. The effectiveness of this Agreement and the obligations of the Parties hereunder is subject to the following conditions:

(a) *Purchase Documents.* Purchaser shall have received a duly executed copy of the Purchase Documents, in form and substance satisfactory to the Purchaser; and

(b) *Loan Sampling and Audit.* Seller shall have provided to Purchaser the Transferred Loan Tape, a copy of the Loan Documents for each such Transferred Loan and such other Loan Documents used by Seller in connection with the origination of each such Transferred Loan to establish compliance of the Loan and the related Borrower with the PPP Loan Program Requirements, and the results of such audit shall be satisfactory to Purchaser.

Section 4.02. Conditions Precedent to each Closing Date. The effectiveness of each Closing Date is subject to the following conditions:

(a) *Delivery of Property.* Seller shall have delivered the Transferred Loan Tape, the Loan Documents, and the executed Assignment to the Custodian to be held in escrow until the applicable Closing Date;

(b) *Acknowledgement of SBA.* Seller shall have delivered to SBA the Transfer Notice and received an Acknowledgement of PPP Whole Loan Sale from SBA ("*Acknowledgement*").

(c) *Pledge to PPPLF.* Purchaser shall deliver the necessary documentation to the Federal Reserve in order to pledge the Transferred Loans to the PPPLF, and shall have received confirmation from the Federal Reserve (“*PPPLF Confirmation*”) that each Transferred Loan in the subject Note Tranche qualifies to be pledged to the Paycheck Protection Program Liquidity Facility (“*PPPLF*”) as provided in Section 6.01;

(d) *Payment of Transferred Loan Purchase Price.* Custodian on behalf of Purchaser shall pay the Transferred Loan Purchase Price to Seller; and

(e) *Release of Property.* Custodian on behalf of Seller shall release from escrow and deliver the Property to Purchaser.

ARTICLE FIVE

COVENANTS OF SELLER

Section 5.01. Protection of Right, Title and Interest. From and after each Closing Date until the later of (i) the end of the thirty-six (36) month anniversary of each such Closing Date, or (ii) otherwise required by Applicable Laws, Seller agrees with respect to itself and the Property as follows:

(a) Seller shall maintain its computer systems so that, from and after the applicable Closing Date, Seller’s master computer records (including any back-up archives) that refer to a Transferred Loan shall clearly reflect the Transfer of such Transferred Loan to Purchaser.

(b) If at any time any third party, including any potential purchaser of any Transferred Loan, inquires as to the ownership of such Transferred Loan, Seller shall promptly indicate that Seller has Transferred such Transferred Loan, and Seller will not claim any ownership interest in such Transferred Loan.

Section 5.02. No Impairment. Seller covenants that it shall take no action that would impair the rights of Purchaser or its assignees in any Transferred Loan.

Section 5.03. Transferred Loan Tape. Following the Transfer, Seller shall have an ongoing obligation to correct any and all errors, inconsistencies or other issues (including, without limitation, any Transferred Loan being incorrectly or inaccurately included or described in the Transferred Loan Tape) in the Transferred Loan Tape (“*Loan Tape Issues*”) and promptly notify Purchaser in writing of any Loan Tape Issues. Seller will also promptly notify Purchaser of any corrections taken in connection with any Loan Tape Issues.

ARTICLE SIX

OTHER PROVISIONS

Section 6.01. Note Tranches/PPPLF Pledge.

(a) Upon receipt of the Transferred Loan Tape and related Loan Documents into the custody of the Custodian under the Custodial Agreement, Purchaser shall separate and bundle

the Notes by maturity date together with promissory notes with the same maturity date owned by other financial institutions that have entered into similar agreements to this Agreement with Purchaser (each a “Note Tranche” and collectively, the “Note Tranches”). Upon receipt of the Acknowledgment, Purchaser shall pledge each Note Tranche to the Federal Reserve in exchange for advances of funds under the PPPLF (the “*PPPLF Funds*”) equal to the outstanding principal balance for such Transferred Loan in the Note Tranche.

(b) Upon approval of the Note Tranche by the Federal Reserve on the Closing Date for the Transferred Loans in each such Note Tranche, Purchaser shall deposit or cause to be deposited the PPPLF Funds to the Master Trust Account (as defined in the Custodial Agreement), and the Transferred Loan Purchase Price for such Transferred Loans shall be disbursed in accordance with Section 2.05 and the Custodial Agreement.

(c) If Notes within the Note Tranche do not qualify to be pledged to the PPPLF for any reason which Purchaser determines in its sole discretion cannot be resolved in a commercially reasonable manner, then Purchaser will notify Seller in writing which Notes within a Note Tranche have been rejected and removed from the Note Tranche (each a “Rejected Note” and collectively, the “Rejected Notes”). If Purchaser cannot include such Rejected Note in a different Note Tranche, then each Loan related to each such Rejected Note shall be removed from the Transferred Loan Tape, the Purchaser shall notify the SBA that the Rejected Note was not Transferred to Purchaser and Seller remains the lender of record, and the Property related to such Rejected Note or Rejected Notes in the custody of the Custodian shall be returned to Seller.

Section 6.02. Termination. If the Purchaser determines in its commercially reasonable discretion that the transactions contemplated by this Agreement cannot be successfully completed, this Agreement shall terminate and be of no further force or effect, and the rights and obligations of each of the Parties hereunder shall terminate, except for (a) any rights and obligations of the Parties that are expressly designated to survive the termination of the Agreement and (b) any other rights and obligations of the Parties that come into being or effect upon the termination of the Agreement, and all Property placed in escrow shall be returned to Seller in accordance with the terms of the Custodial Agreement. Each Party agrees to execute such documents and instruments, and take such other actions, as is reasonably necessary or advisable to give effect to the terms of this Section 6.02.

Section 6.03. Amendment. This Agreement may be amended from time to time only in writing by Seller and Purchaser.

Section 6.04. Waivers. No failure or delay on the part of any Party in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy.

Section 6.05. Notices. All notices and other communications hereunder will be in writing and will be deemed to have been duly given when delivered in person, by facsimile or email, by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties as follows:

Notices and other communications to Seller shall be sent to:

Northeast Bank
200 Berkeley Street
Boston, MA 02116
Email: bfenwick@northeastbank.com
Attention: Brian Fenwick, Managing Director

With a copy to:

Northeast Bank
200 Berkeley Street
Boston, MA 02116
Email: mcasey@northeastbank.com
Attention: Meegan Casey, Legal Counsel

Notices and other communications to Purchaser shall be sent to:

The Loan Source Inc.
353 E. 83rd Street,
Suite 3H,
New York, NY 10028
Email: skravitz123@theloansource.us
Attention: Steven D. Kravitz, President

With a copy to:

Starfield & Smith, P.C.
1300 Virginia Drive, Suite 325
Fort Washington, PA 19034
Attn: Ethan W. Smith, Esq.
E-mail: esmith@starfieldsmith.com

Section 6.06. Survival. The respective agreements, representations, warranties and other statements by Seller and Purchaser set forth in or made pursuant to this Agreement shall remain in full force and effect and will survive the Transfer of Property for the time periods set forth herein.

Section 6.07. Governing Law. This Agreement shall be governed by and interpreted pursuant to the laws of the State of New York, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction (the “*Governing Law*”). In the event that this Agreement conflicts with any other contract or agreement between the Parties, now or in the future, this Agreement shall control with respect to any of the Transferred Loans.

Section 6.08. Jurisdiction. Each Party hereto irrevocably submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and the state courts of the State of New York for the purposes of any suit, action or other Proceeding arising out of this Agreement. Each Party hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or Proceeding in New York and the state courts located in the borough of Manhattan and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or Proceeding brought in such court has been brought in an inconvenient forum.

Section 6.9. Reserved.

Section 6.09.

Section 6.10. Force Majeure. If any Party reasonably anticipates being unable or is rendered unable, wholly or in part, by an extreme and unexpected force outside the control of such Party (including, but not limited to, an act of God, legislative enactments, strikes, lock-outs, riots, acts of war, epidemics (other than the effects of COVID-19 reasonably contemplated as of the date hereof), fire, communication line or power failure, nuclear accident, earthquakes or other disasters) to carry out its obligations under this Agreement, that Party shall give to the other Party in a commercially reasonable amount of time written notice to that effect, the expected duration of the inability to perform and assurances that all available means will be employed to continue and/or restore performance. Upon receipt of the written notice, the affected obligations of the Party giving the notice shall be suspended as long as such Party is reasonably unable to perform and such Party shall have no liability to the other for failure to perform and suspended obligation during the period or suspension; however, the other Party may at its option terminate this Agreement.

Section 6.11. Counterparts. This Agreement may be executed in facsimile or pdf and in two or more counterparts (and by different parties on separate counterparts) each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 6.12. Successors and Assigns. This Agreement will inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns and no other Person will have any right or obligation hereunder. No Party to this Agreement shall assign its rights or obligations under this Agreement without the prior written consent of the other Party hereto (which shall not be unreasonably withheld), and any attempt to assign this Agreement without such permission shall be null, void and without effect provided, however, that either Party may assign this Agreement and its rights and obligations hereunder without the other Party's consent in connection with the transfer or sale of all or substantially all of the business of such Party, whether by merger, sale of stock, sale of assets or otherwise, and the rights and obligations of the Parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

Section 6.13. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

ARTICLE SEVEN

INDEMNITY

Section 7.01. Indemnification.

(a) Seller shall indemnify and hold harmless Purchaser and its Affiliates, directors, officers, and employees (each, a “*Seller Indemnified Party*”) from and against any claims, losses, damages, liabilities, costs and expenses (including, but not limited to, reasonable and documented attorneys’ fees incurred in connection with the defense of any actual or threatened action, proceeding or claim, or any investigations with respect thereto) (collectively, “*Losses*”) to the extent that such Losses directly arise out of, and are imposed upon any such Seller Indemnified Party by reason of, (i) any material breach by Seller of any covenant, agreement, representation or warranty of Seller contained in this Agreement; (ii) Seller’s gross negligence, fraud or willful misconduct in the performance of is duties under this Agreement; (iii) or any liabilities or obligations of Seller incurred prior to or arising out of or under any agreement entered into prior to the Closing Date pursuant to which Seller obtained any rights to the Loans or with respect to any Borrower; (iv) any fees, expenses, or costs incurred prior to the Closing Date related to the Transferred Loans, including without limitation, any Agent fees, broker, lender service provider or other third party fees, except as otherwise provided for herein; and (v) any Loan Tape Issue including, without limitation, incorrect Transferred Loan amount, an incorrect Borrower, incorrect initial disbursement date, an incorrect maturity date for any Transferred Loan.

(b) Notwithstanding Section 7.01 (a) above, Seller shall have no obligation to do any of the following: (i) except for acts or omissions that constitute fraud, gross negligence or willful misconduct of Seller or its employees, indemnify any Seller Indemnified Party for any punitive damages or for any actual or lost profits of such Seller Indemnified Party, regardless of whether Seller knew or was aware of such possible Losses, or (ii) indemnify or hold harmless a Seller Indemnified Party from and against any Losses to the extent such Losses result from the negligence or willful misconduct of or material breach of this Agreement by any potential Seller Indemnified Party.

(c) Purchaser shall indemnify and hold harmless Seller and its Affiliates, directors, officers, and employees (each, a “*Purchaser Indemnified Party*”) from and against any Losses to the extent that such Losses directly arise out of, and are imposed upon any such Purchaser Indemnified Party by reason of, (i) any material breach by Purchaser of any covenant, agreement, representation or warranty of Purchaser contained in this Agreement; (ii) Purchaser’s gross negligence, fraud or willful misconduct in the performance of is duties under this Agreement; (iii) or any liabilities or obligations of Purchaser incurred on or after or arising out of or under any agreement entered into on or after the Closing Date pursuant to which Purchaser obtained any rights to the Loans or with respect to any Borrower; (iv) any fees, expenses, or costs incurred on or after the Closing Date related to the Transferred Loans, including without limitation, any Agent fees, broker, lender service provider or other third party fees, except as otherwise provided for herein.

(d) Notwithstanding Section 7.01 (c) above, Purchaser shall have no obligation to do any of the following: (i) except for acts or omissions that constitute fraud, gross negligence or willful misconduct of Purchaser or its employees, indemnify any Purchaser Indemnified Party for any punitive damages or for any actual or lost profits of such Purchaser Indemnified Party, regardless of whether Purchaser knew or was aware of such possible Losses, or (ii) indemnify or hold harmless a Purchaser Indemnified Party from and against any Losses to the extent such Losses result from the negligence or willful misconduct of or material breach of this Agreement by any potential Purchaser Indemnified Party.

Section 7.02. Notice of Claims. An Indemnified Party shall be responsible for making any claim for indemnity pursuant to this Section 7 by providing written notice to the other Party describing any claim for indemnity pursuant to this Section 7 within sixty (60) days after the date on which it has or received notice of or otherwise has actual knowledge of the applicable breach to the extent that such breach is not otherwise known to the other Party.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers as of the date set forth above.

NORTHEAST BANK

By: Richard Wayne
Name: Richard Wayne
Title: President & Chief Executive Officer

THE LOAN SOURCE INC.

By: _____
Name: Steven D. Kravitz
Title: President

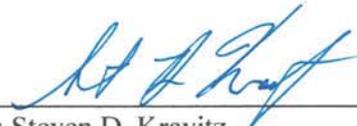
[Signature page to Loan Purchase and Sale Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers as of the date set forth above.

NORTHEAST BANK

By: _____
Name: Richard Wayne
Title: President & Chief Executive Officer

THE LOAN SOURCE INC.

By:  _____
Name: Steven D. Kravitz
Title: President

[Signature page to Loan Purchase and Sale Agreement]

EXHIBIT A

LOAN REPRESENTATIONS, WARRANTIES AND COVENANTS

Seller hereby represents and warrants to Purchaser on the Closing Date (or the date specified below) with respect to each Transferred Loan as follows:

(a) Ownership. As of the Closing Date, immediately prior to the Transfer to Purchaser pursuant to this Agreement, Seller is the sole owner of such Transferred Loan, has good and marketable title thereto, and has the right to assign, sell and transfer such Transferred Loan to Purchaser free and clear of any lien, pledge, charge, claim, security interest or other encumbrance, other than to the extent required under Section 2.03 the security interest granted to Purchaser.

(b) Loan Processing. As of the Closing Date, (i) the application for such Transferred Loan was originated by Seller in the ordinary course of Seller's lending business in accordance with Seller PPP Loan Origination Program manual or other documentation outlining Seller PPP Loan Origination Program, which manual or other documentation has been provided to Purchaser, (ii) such Transferred Loan could be held by Seller for its own account consistent with its own policies, (iii) such Transferred Loan would have been originated by Seller on the same terms as such Transferred Loan was originated if Purchaser was not acquiring such Transferred Loan, (iv) except to the extent any noncompliance would not have a Material Adverse Effect, the application and funding for such Transferred Loan was processed by Seller in compliance with all PPP Loan Program Requirements and KYC/AML/BSA laws in effect at the time of the closing of such Transferred Loan, and (v) the application and funding for such Transferred Loan was processed by Seller in compliance with the applicable lender obligations and requirements set forth in the PPP Loan Program Requirements Interim Final Rule on PPP. Seller has and will maintain for not less than 3 years any and all Records, with respect to each Transferred Loan.

(c) Disbursements. For each Transferred Loan, Seller has accurately disclosed to Purchaser the total amount that has been disbursed under the Transferred Loan.

(d) No Bankruptcy. As of the Closing Date, to the knowledge of Seller, no proceeding has been instituted by the applicable Borrower seeking relief by such Borrower, as debtor, under any bankruptcy or insolvency legislation, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, or seeking the entry or an order for the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property.

(e) Valid and Binding. As of the Closing Date: (i) such Transferred Loan is in full force and effect, is not contingent in any respect for any reason and effect and represents a legal, valid, binding and unconditional payment obligation of the applicable Borrower, enforceable against such Borrower in accordance with its terms for the amount outstanding thereof without any right of rescission, offset, counterclaim, dispute, discount, adjustment or defense, except to the

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Exhibit A

extent that enforceability may be limited by debtor relief laws and general principles of equity, (ii) there are no conditions precedent to the enforceability or validity of such Transferred Loan that have not been satisfied or waived, (iii) such Borrower under such Transferred Loan is not required to obtain any consents or approvals in connection with such Transferred Loan that have not been obtained and (iv) such Borrower under such Transferred Loan has no bona fide claim against Seller or any Affiliate thereof.

(f) No Amendments or Waivers. As of the Closing Date, the terms, covenants and conditions of such Transferred Loan have not been waived, altered, impaired, modified or amended in any respect, except as included in a written document or record, which document or record has been included in the related Loan Documents provided to or made available to the Purchaser, its custodian or other designee. Such Transferred Loan has not been modified for any credit related reason.

(g) No Impairment. Seller has not done anything to prevent or impair such Transferred Loan from being valid, binding and enforceable against the Borrower thereunder, and no instrument has been executed by Seller that would result in any such release, satisfaction, cancellation or rescission of any Loan Document.

(h) Origination in U.S. Such Transferred Loan (i) was originated in the United States of America, (ii) is denominated and payable in U.S. dollars and (iii) as of the Closing Date the billing address of the related Borrower and the related bank account used for payments via ACH transfers on such Transferred Loan, as applicable, were each located in the U.S. or one of its territories. The Transferred Loan provides or, when the payment schedule with respect thereto is determined, will provide for payments on a periodic basis that fully amortize the principal amount of such Transferred Loan by its maturity and yield interest at the rate applicable thereto.

(i) No Other Security Interests. Other than as pledged to the PPPLF, Seller has not sold, assigned, pledged, granted a security interest in or otherwise transferred any right or interest in or to such Transferred Loan and has not pledged such Transferred Loan as collateral for any debt or other purpose, other than the security interests granted to Purchaser under this Agreement. Other than by PPPLF, Seller has not authorized the filing of and is not aware of any financing statements against Seller that include a description of collateral covering any portion of the Transferred Loans other than any financing statement relating to the security interest granted to Purchaser or any security interests as shall be terminated or released at or before the conveyance thereof. Immediately following the Transfer of each Transferred Loan to Purchaser, Purchaser will own such Transferred Loan free and clear of any Lien other than any Liens granted by Purchaser.

(j) No Consents Required. Other than notice to SBA, no notice to or consent or authorization from any Person (including the Borrower) is required with respect to the Transfer of such Transferred Loan or the rights and duties of the holder thereof to Purchaser (except for such as have been obtained) and such Transferred Loan does not contain any provision that restricts the ability of the holder thereof or Purchaser to exercise its rights thereunder.

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Exhibit A

(k) Loan Documents. As of the Closing Date, except to the extent any noncompliance would not have a Material Adverse Effect, each of the applicable Loan Documents is or will be (as applicable) materially complete, comply with all of the PPP Loan Program Requirements, and, if applicable, such Loan Documents or the servicing files include or will include (as applicable) all amendments, supplements and modifications thereto as of such date.

(l) Payments and Communications Relating to the Loans. Seller hereby agrees to promptly (and in any event no later than five (5) Business Days after its receipt of identified funds) remit, with respect to each Transferred Loan Transferred hereunder, any payments or communications received by Seller on or after the applicable Closing Date to the Purchaser.

(m) Delivery of Loan Documents. Seller shall deliver to Custodian prior to the Closing Date the Loan Documents File for each Loan being transferred hereunder, including, without limitation an executed Omnibus Assignment and Conveyance of the Transferred Loans in the form attached hereto as Exhibit A-1 ("*Assignment*"), which shall identify the Transfer of Transferred Loan to Seller. For purposes of clarity, the Loan Documents File will be electronically delivered to a Microsoft Sharepoint electronic file controlled by Custodian as soon as reasonably practicable following execution of this Agreement and the Custodial Agreement. Seller shall deliver the original Notes for the Transferred Loans to the Custodian as soon as reasonably practicable after the Transferred Loan Purchase Price has been paid to Seller, and shall have no obligation to deliver such original Notes prior to the Closing Date for such Transferred Loans.

(n) Further Assurances. Seller shall (i) at the expense of Seller, execute all other documents and take all other steps as may reasonably be necessary or advisable from time to time to effect the Transfer hereunder of the Transferred Loans and the other Property Transferred by Seller hereunder and (ii) authorize any financing statements at the request of Purchaser in order to reflect Purchaser's interest in the Transferred Loans or any other Property Transferred by Seller hereunder.

(o) Other Liens or Interests. Except for the conveyances under this Agreement, Seller: (i) shall not sell, pledge, assign or transfer to any Person, or grant, create, incur, assume or suffer to exist any Lien on, any interest in, to and under the Transferred Loans or other Property Transferred hereunder, and (ii) shall defend the right, title and interest of Purchaser in, to and under the Transferred Loans against all claims of third parties claiming through or under Seller.

(p) Fraud. With respect to each Transferred Loan, Seller has implemented fraud prevention and detection controls that are appropriate for the services provided in connection with the origination of each Transferred Loan, in order to mitigate identified fraud risks, including, without limitation, fraud by the related Borrower(s) or by Seller's personnel, and no suspicious, fraudulent or identity theft activity was identified with respect to any Borrower or Transferred Loan.

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Exhibit A

EXHIBIT A -1

OMNIBUS ASSIGNMENT AND CONVENYANCE OF TRANSFERRED LOANS

See Attached.

EXHIBIT A -2
PURCHASE PRICE

See Attached.