

**PROMISSORY NOTE AND SECURITY AGREEMENT**

This Agreement is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between the Addison County Solid Waste Management District (the “District”), and the TOWN/CITY OF \_\_\_\_\_, Vermont (“the Municipality”).

For value received, the Municipality, by and through its duly authorized agent, promises to pay to the District, on order, the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), payable in monthly installments over twenty-four (24) months.

The District hereby grants a security interest in the following Collateral:

\_\_\_\_\_  
\_\_\_\_\_

(For vehicles/heavy equipment):

Make /Model \_\_\_\_\_

Year \_\_\_\_\_

Serial/VIN Number \_\_\_\_\_

**Term.** The term of this Agreement shall commence on the effective date of this Agreement, and end on \_\_\_\_\_, 20\_\_ unless earlier terminated as provided herein.

**Payment.** The Municipality shall make monthly loan payments for the Collateral in the amount of \$\_\_\_\_\_ for the twenty-four (24) months of this loan (total \$\_\_\_\_\_). The first loan payment shall be due on \_\_\_\_\_, 20\_\_, and subsequent payments on the same day of each month thereafter. The Municipality may prepay some or all of these payments at any time.

**Maintenance and Operation.** The Municipality shall keep the Collateral in good and safe working condition and shall use or operate the Collateral in a safe and prudent manner, in compliance with all applicable laws and regulations.

**Insurance - Damage or Destruction**

A. The Municipality, at its expense, shall procure and maintain in effect during the term of this loan, comprehensive general liability insurance, designating the Municipality as the insured and the District as an additional insured, insuring against liability for injuries to persons, including wrongful death, and damages to property resulting from the Municipality's use of and operations with the Collateral. The limits of liability for such insurance shall be at least \$1,000,000 combined single limit.

B. The Municipality shall, at its expense, procure and maintain in effect during the term of this loan, insurance on the Collateral, including vehicular insurance if applicable, insuring against its damage or destruction by fire, accident, and other casualty. The District shall be designated as the insured.

C. The Municipality shall, upon the effective day of this loan, and from time to time thereafter, at the District's request, furnish the District with certificates of such insurance, which shall show that the District is an additional insured and/or insured as provided above. Such certificates shall provide that such insurance shall not be canceled or reduced in coverage without at least thirty (30) days' prior written notice to the District. The District shall have the right to examine the insurance policies upon reasonable notice to the Municipality.

D. All insurance proceeds on account of an insured occurrence shall be used by the Parties to repair any damage, and the Municipality shall contribute to the extent of any deductible elected by it. If the extent of the damage or destruction is such that the

Collateral cannot be repaired or restored with the insurance proceeds and the contribution by the Municipality of such deductible amount, then either Party may terminate this Agreement and the Municipality shall pay the entire unpaid balance.

**Assignment and Subletting.** The Municipality shall not sublet the Collateral without the District's prior written approval.

**Use of Collateral.** The Municipality shall only use the Collateral for reuse, recycling or composting of waste and shall only use the proceeds of this loan to buy the Collateral described.

**Default.** If the Municipality shall default in the performance of any term or condition of this Agreement, and such default shall not be cured within thirty (30) days' written notice from the District, then the District may: (a) terminate this Agreement; (b) require immediate payment of the entire unpaid balance, including any accrued interest (if applicable); (c) repossess the Collateral; and/or (d) resort to any other legal remedy.

If the Municipality is in default, it agrees to pay the costs of collection as permitted under state law, including reasonable attorney's fees. When the Municipality is in default, it shall deliver the Collateral to the District at a time and place the District chooses. The Municipality shall allow the District to take possession of the Collateral without going to court and without giving advance notice unless state law requires prior notice. If the District takes possession of the Collateral, it will not be responsible for any of the Municipality's property that is not covered by this Agreement that the Municipality leaves inside the Collateral. The District will attempt to return that property to the Municipality. After the District has taken possession of the Collateral, the District may sell it and apply the proceeds of the sale to the unpaid balance of the loan. The

District will give the Municipality ten (10) days' notice of any public sale or the date after which the District will be free to have a private sale. The Municipality will repay the District's expenses in taking possession of and selling the Collateral. If the proceeds are not enough to pay those expenses and the unpaid balance of the loan, the Municipality will have to pay the difference unless state law prohibits this. If the proceeds are more than the Municipality owes the District, the Municipality is entitled to the excess.

**Laws of Vermont.** This Agreement is to be governed by and construed in accordance with the laws of the State of Vermont.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the effective day and date first above written.

**TOWN/CITY OF** \_\_\_\_\_

**BY:**

Selectboard Members/Aldermen: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ADDISON COUNTY SOLID WASTE MANAGEMENT DISTRICT**

**BY:**

Chair: \_\_\_\_\_ Date: \_\_\_\_\_