
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-37997

SACHEM CAPITAL CORP.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

81-3467779

(I.R.S. Employer Identification No.)

23 Laurel Street, Branford, CT 06405

(Address of principal executive offices)

(203) 433-4736

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 14, 2018, the Issuer had a total of 15,415,737 common shares, \$0.001 par value, outstanding.

SACHEM CAPITAL CORP.
TABLE OF CONTENTS

	Page Number	
<u>Part I</u>	<u>FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1.</u>	<u>Financial Statements (unaudited)</u>	<u>1</u>
	<u>Balance Sheets as of March 31, 2018 and December 31, 2017</u>	<u>1</u>
	<u>Statements of Operations for the Three Month Periods Ended March 31, 2018 and 2017</u>	<u>2</u>
	<u>Statement of Changes in Shareholders' Equity for the Three Month Period Ended March 31, 2018</u>	<u>3</u>
	<u>Statements of Cash Flows for the Three Month Periods Ended March 31, 2018 and 2017</u>	<u>4</u>
	<u>Notes to Financial Statements (unaudited)</u>	<u>6</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>18</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>18</u>
<u>Part II</u>	<u>OTHER INFORMATION</u>	<u>19</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>19</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>20</u>
<u>SIGNATURES</u>		<u>21</u>
<u>EXHIBITS</u>		

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q includes forward-looking statements. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words “anticipate,” “estimate,” “expect,” “project,” “plan,” “seek,” “intend,” “believe,” “may,” “might,” “will,” “should,” “could,” “likely,” “continue,” “design,” and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements after the date of this report to confirm these statements in relationship to actual results or revised expectations.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this report. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

Unless the context otherwise requires, all references in this quarterly report on Form 10-Q to “Sachem Capital,” “we,” “us” and “our” refer to Sachem Capital Corp., a New York corporation.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

**SACHEM CAPITAL CORP.
BALANCE SHEETS**

	March 31, 2018	December 31, 2017
	(Unaudited)	(Audited)
Assets		
Assets:		
Cash	\$ 562,508	\$ 954,223
Escrow deposits	175,330	111,189
Mortgages receivable	68,613,043	62,166,937
Mortgages receivable, affiliate	969,457	1,104,022
Interest and fees receivable	779,516	645,493
Other receivables	59,158	234,570
Due from borrowers	370,241	451,795
Prepaid expenses	32,773	4,520
Property and equipment, net	496,172	501,819
Real estate owned	1,235,409	1,224,409
Deferred financing costs	136,002	95,560
Total assets	<u>\$ 73,429,609</u>	<u>\$ 67,494,537</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Line of credit	\$ 14,147,465	\$ 9,841,613
Mortgage payable	298,569	301,101
Mortgage funding payable	2,000,000	-
Accounts payable and accrued expenses	158,838	390,758
Security deposit held	2,550	2,550
Advances from borrowers	733,287	519,764
Due to note purchaser	-	723,478
Deferred revenue	1,168,622	1,108,400
Accrued interest	-	40,592
Total liabilities	<u>18,509,331</u>	<u>12,928,256</u>
Shareholders' equity:		
Preferred shares - \$.001 par value; 5,000,000 shares authorized; no shares issued	-	-
Common shares - \$.001 par value; 50,000,000 shares authorized; 15,415,737 issued and outstanding	15,416	15,416
Paid-in capital	53,315,772	53,315,772
Retained earnings	1,589,090	1,235,093
Total shareholders' equity	<u>54,920,278</u>	<u>54,566,281</u>
Total liabilities and shareholders' equity	<u>\$ 73,429,609</u>	<u>\$ 67,494,537</u>

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL CORP.
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2018	2017
Revenue:		
Interest income from loans	\$ 1,962,373	\$ 1,036,840
Origination fees, net	348,548	97,461
Late and other fees	34,096	29,982
Processing fees	33,130	24,925
Rental income, net	43,756	27,383
Other income	294,747	46,147
Gain on sale of real estate	-0-	26,478
Total revenue	2,716,650	1,289,216
Operating costs and expenses:		
Interest and amortization of deferred financing costs	222,956	116,270
Compensation and related costs	245,575	-0-
Compensation to manager	-0-	35,847
Professional fees	116,322	83,739
Other fees and taxes	34,480	105,839
Depreciation	7,634	5,156
General and administrative expenses	98,033	45,587
Excise tax	19,000	-0-
Total operating costs and expenses	744,000	392,438
Net income	\$ 1,972,650	\$ 896,778
Basic and diluted net income per common share outstanding:		
Basic	\$ 0.13	\$ 0.06*
Diluted	\$ 0.13	\$ 0.06*
Weighted average number of common shares outstanding:		
Basic	15,415,737	11,103,237
Diluted	15,415,737	11,103,237

* Basic and diluted net income per common share outstanding and weighted average number of common shares outstanding are calculated for the period beginning February 9, 2017 (i.e., the effective date of the company's initial public offering) and ending March 31, 2017.

The accompanying notes are an integral part of these financial statements.

**SACHEM CAPITAL CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 (unaudited)**

	<u>Common Shares</u>	<u>Amount</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>
Beginning balance, January 1, 2018	15,415,737	\$ 15,416	\$ 53,315,772	\$ 1,235,093
Dividends paid				(1,618,653)
Net income				1,972,650
Balance, March 31, 2018	<u>15,415,737</u>	<u>\$ 15,416</u>	<u>\$ 53,315,772</u>	<u>\$ 1,589,090</u>

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW
(unaudited)

	Three Months	
	Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,972,650	\$ 896,778
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs	14,558	14,559
Depreciation expense	7,634	5,156
Gain on sale of real estate	-0-	(26,478)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Escrow deposit	(64,141)	(596,070)
Interest and fees receivable	(134,023)	(19,495)
Other receivables	256,966	4,611
Prepaid expenses	(28,253)	(32,260)
(Decrease) increase in:		
Due to member	-0-	(630,728)
Due to note purchaser	(723,478)	-0-
Accrued interest	(40,771)	(11,315)
Accrued expenses	(231,740)	314,870
Deferred revenue	60,222	112,310
Advances from borrowers	213,522	307,543
Total adjustments	(669,504)	(557,297)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,303,146	339,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of real estate owned	-0-	90,123
Acquisitions of and improvements to real estate owned	(11,000)	(18,482)
Purchase of furniture and equipment	(1,987)	(102,327)
Security deposit	-0-	(32,000)
Principal disbursements for mortgages receivable	(10,345,784)	(10,091,528)
Principal collections on mortgages receivable	6,034,243	3,938,601
NET CASH USED FOR INVESTING ACTIVITIES	(4,324,528)	(6,215,613)

SACHEM CAPITAL CORP.
STATEMENTS OF CASH FLOW (Continued)

CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	13,288,435	7,595,766
Repayment of line of credit	(8,982,583)	(11,559,609)
Principal payments on mortgage payable	(2,532)	(1,657)
Proceeds from IPO	-0-	13,000,000
Dividends paid	(1,618,653)	
Pre-offering costs incurred	-0-	(1,544,197)
Financing costs incurred	(55,000)	(13,650)
Member contributions	-0-	653,646
Member distributions	-0-	(2,460,125)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,629,667</u>	<u>5,670,174</u>
NET DECREASE IN CASH	(391,715)	(205,958)
CASH – BEGINNING OF PERIOD	<u>954,223</u>	<u>1,561,863</u>
CASH – END OF PERIOD	<u>\$ 562,508</u>	<u>\$ 1,355,905</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest paid	<u>\$ 208,398</u>	<u>\$ 101,711</u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the three months ended March 31, 2017, the Company issued notes payable in the amount of \$169,338 for the acquisition of mortgages receivable.

On February 8, 2017, Sachem Capital Partners, LLC transferred all its assets and liabilities to the Company in exchange for 6,283,237 shares of the Company's Common stock.

During the three months ended March 31, 2018 the Company incurred a mortgage funding payable in the amount of \$2,000,000 in connection with the acquisition of mortgages receivable.

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

1. The Company

Sachem Capital Corp. (the “Company”) was formed under the name HML Capital Corp. in January 2016 under the State of New York Business Corporation Law. On February 8, 2017, the Company completed an exchange transaction (the “Exchange”) with Sachem Capital Partners, LLC (“SCP”), a Connecticut limited liability company located in Branford, Connecticut, which commenced operations on December 8, 2010. In the Exchange SCP transferred all its assets to the Company for 6,283,237 of the Company’s common shares and the assumption by the Company of all of SCP’s liabilities. Prior to the consummation of the Exchange, the Company was not engaged in any business or investment activities and had only nominal assets and no liabilities. Prior to the Exchange, SCP was managed by JJV, LLC (the “Manager”), a Connecticut limited liability company and related party.

On February 9, 2017, the Company’s registration statement on Form S-11 was declared effective by the U.S. Securities and Exchange Commission. Pursuant to such registration statement, the Company issued and sold 2,600,000 common shares at a price of \$5.00 per share, or \$13 million of gross proceeds (the “IPO”). The net proceeds, after payment of underwriting discounts and commissions and transaction fees, were approximately \$11.1 million. The IPO was consummated on February 15, 2017.

Following the consummation of the IPO, the Company believes it meets all of the qualifications to be taxed as a Real Estate Investment Trust (“REIT”) for federal income tax purposes. Since then, the Company has been conducting its operations as if it is a REIT and plans to make the election to be taxed as a REIT when it files its federal corporate income tax return for its 2017 tax year, which ended December 31, 2017. See note 2 — “Significant Accounting Policies — Income Taxes” below.

In addition, on October 27, 2017, the Company issued and sold 3,750,000 common shares in an underwritten follow-on public offering at an offering price per share of \$4.00. On November 3, 2017, the Company issued and sold an additional 562,500 common shares upon exercise of the underwriters’ over-allotment option. The gross proceeds from the offering were \$17.25 million and the net proceeds, after deducting underwriting discounts and commissions and other offering expenses, from the sale of the common shares were approximately \$15.3 million.

The Company specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. The Company offers short term (i.e. three years or less) secured, non-banking loans (sometimes referred to as “hard money” loans) to real estate investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in Connecticut. The properties securing the Company’s loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and may also be secured with additional real estate collateral. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty may be collaterally secured by a pledge of the guarantor’s interest in the borrower. The Company does not lend to owner occupants. The Company’s primary underwriting criteria is a conservative loan to value ratio. In addition, the Company may make opportunistic real estate purchases apart from its lending activities.

The accompanying statements of operations and cash flows include the results of operations of SCP from January 1, 2017 through February 8, 2017, until the consummation of the Exchange.

2. Significant Accounting Policies

Unaudited Financial Statements

The accompanying unaudited financial statements of the Company, have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the interim periods are not necessarily indicative of the operating results to be attained in the entire fiscal year.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) various assumptions that consider its past experience, (b) the Company's projections regarding future operations, and (c) general financial market and local and general economic conditions. Actual amounts could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and mortgage loans. The Company maintains its cash with one major financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Credit risks associated with the Company's mortgage loan portfolio and related interest receivable are described in Note 3 entitled "Mortgages Receivable."

Income Taxes

Subsequent to the Exchange and the IPO, the Company believes it qualifies as a Real Estate Investment Trust (REIT) for federal income tax purposes and intends to make the election to be taxed as a REIT when it files its 2017 federal income tax return. As a REIT, the Company is required to distribute at least 90% of its taxable income to its shareholders on an annual basis. The Company's qualification as a REIT depends on its ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended, relating to, among other things, the sources of its income, the composition and values of its assets, its compliance with the distributions requirements applicable to REITs and the diversity of ownership of its outstanding common shares. So long as it qualifies as a REIT, the Company, generally, will not be subject to U.S. federal income tax on its taxable income distributed to its shareholders. However, if it fails to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, it will be subject to U.S. federal income tax at regular corporate rates and may also be subject to various penalties and may be precluded from re-electing REIT status for the four taxable years following the year during which it lost its REIT qualification.

The Company has adopted the provisions of FASB ASC Topic 740-10 "Accounting for Uncertainty in Income Taxes", which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and disclosure required. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Company has determined that there are no uncertain tax positions requiring accrual or disclosure in the accompanying financial statements as of March 31, 2018.

Property and Equipment

Property and equipment principally consists of land and building acquired in December 2016, to house the Company's office facilities and is stated at cost. The building will be depreciated using the straight-line method over its estimated useful life of 40 years. Expenditures for repairs and maintenance are charged to expense as incurred.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Revenue Recognition

Interest income from the Company's loan portfolio is earned, over the loan period and is calculated using the simple interest method on principal amounts outstanding. Generally, the Company's loans provide for interest to be paid monthly in arrears.

Origination fee revenue is recognized ratably over the contractual life of the loan in accordance with ASC 310.

Deferred Financing Costs

Costs incurred in connection with the Company's line of credit, as discussed in Note 6 below, are amortized over the term of the line of credit, using the straight-line method.

Fair Value of Financial Instruments

For the line of credit, mortgage payable and interest-bearing mortgages receivable held by the Company, the carrying amount approximates fair value due to the relative short-term nature of such instruments.

Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with ASC 260 "Earnings Per Share". Under ASC 260, basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the potential dilution from the exercise of stock options and warrants for common shares using the treasury stock method. The numerator in calculating both basic and diluted earnings per common share for each period is the reported net income.

Prior to the Exchange, the Company's business was conducted by SCP, a limited liability company. Accordingly, earnings per share for the three months ended March 31, 2017 does not include the net income per share for the period prior to the Exchange.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2017. This ASU outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. Several ASUs expanding and clarifying the initial guidance issued in ASU 2014-09 have been released since May 2014. Exclusions from the scope of this guidance include revenues resulting from loans, investment securities (available-for-sale and trading), investments in unconsolidated entities and leases. The Company adopted the ASU effective January 1, 2018. The Company evaluated the applicability of this guidance, considering the scope exceptions, and concluded that the adoption does not have an effect on its financial statements, primarily due to the new guidance not applying to revenue resulting from loans and lease contracts.

In May 2017, the FASB issued ASU 2017-09, "Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting." The ASU provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award changes as a result of the change in terms or conditions. For all entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities." The ASU expands the activities that qualify for hedge accounting and simplifies the rules for reporting hedging transactions. For public companies that file with the SEC, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The ASU amends ASC 220, "Income Statement — Reporting Comprehensive Income," to allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. For all entities, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

Management does not believe that any other recently issued, but not yet effected, accounting standards if currently adopted would have a material effect on the Company's financial statements.



SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

3. Mortgages Receivable

Mortgages Receivable

The Company offers secured non-banking loans to real estate investors to fund their acquisition and construction of properties located mainly in Connecticut. The loans are principally secured by first mortgages on real estate and, generally, are also personally guaranteed by the borrower or its principals. The loans are generally for a term of one to three years. The loans are initially recorded and carried thereafter, in the financial statements, at cost. Most of the loans provide for monthly payments of interest only (in arrears) during the term of the loan and a “balloon” payment of the principal on the maturity date.

For the quarters ended March 31, 2018 and 2017, the aggregate amounts of loans funded by the Company were \$10,345,784 and \$10,091,528, respectively, offset by principal repayments of \$6,034,243 and \$3,938,601, respectively.

At March 31, 2018, the Company’s portfolio included closed loans ranging in size from \$15,000 to \$2,000,000 with stated interest rates ranging from 9.5% to 12.0% and a default interest rate for non-payment of 18%.

At March 31, 2018, no single borrower had loans outstanding representing more than 10% of the total balance of the loans outstanding.

The Company generally grants loans for a term of one to three years. In some cases, the Company has agreed to extend the term of the loans. A loan that is extended is treated as a new loan. However, prior to granting an extension, the loan underwriting process is repeated.

In November 2016, the Company purchased a mortgage note at a discount of \$74,954 and then subsequently refinanced the note obtaining additional collateral and payment terms consistent with similar notes held by the Company. The discount is being amortized over the three-year life of the refinanced loan. During the three months ended March 31, 2017, JJV determined to exercise its option to share in 75% of this discount in the amount of \$55,390. Amortization of this discount was \$1,630 and \$1,630, for the periods ended March 31, 2018 and 2017, respectively.

Credit Risk

Credit risk profile based on loan activity as of March 31, 2018 and December 31, 2017:

Mortgages Receivable	Residential	Commercial	Land	Mixed Use	Total Outstanding Mortgages
March 31, 2018	\$ 44,179,820	\$ 18,831,376	\$ 5,755,939	\$ 815,365	\$ 69,582,500
December 31, 2017	\$ 43,855,827	\$ 12,480,612	\$ 6,676,060	\$ 258,460	\$ 63,270,959

The following is the maturities of mortgages receivable as of March 31:

2018	\$ 29,865,388
2019	21,856,270
2020	11,787,324
2021	6,073,518
Total	\$ 69,582,500

At March 31, 2018, of the 366 mortgage loans in the Company’s portfolio, 13 were treated by the Company as “non-performing”, typically because the borrower is more than 90 days in arrears on its interest payment obligations or because the borrower has failed to make timely payments of real estate taxes or insurance premiums. The aggregate outstanding principal balance of these non-performing loans and the accrued but unpaid interest as of March 31, 2018 was approximately \$ 3.5 million. At March 31, 2018, all non-performing loans were referred to counsel to commence foreclosure proceedings or to negotiate settlement terms. In the case of each non-performing loan, the Company believes the value of the collateral exceeds the outstanding balance on the loan.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

4. Real Estate Owned

Property purchased for rental or acquired through foreclosure are included on the balance sheet as real estate owned.

As of March 31, 2018, real estate owned totaled \$1,235,409 and is held for rental purposes. There is no valuation allowance on the real estate owned.

5. Escrow Deposits

As of March 31, 2018 and December 31, 2017, escrow deposits in the amount of \$175,330 and \$111,189, respectively, consist of funds due to the Company from closed construction mortgages. Closing counsel returns these funds to the Company post-closing, then these funds are held by the Company and available to the borrower when specific progress goals during the construction process are met.

6. Line of Credit and Mortgage Payable

Line of Credit

On December 18, 2014, SCP entered into a two-year revolving Line of Credit Agreement with Bankwell Bank (the "Bank") pursuant to which the Bank agreed to advance up to \$5 million (the "Bankwell Credit Line") against assignments of mortgages and other collateral requiring monthly payments of interest only. On December 30, 2015, the Bankwell Credit Line was amended to increase available borrowings to \$7,000,000. On March 15, 2016, the Bankwell Credit Line was amended again to increase available borrowings to \$15,000,000. In connection with the Exchange, the Company assumed all of SCP's obligations to Bankwell and entered into a new agreement with Bankwell, the material terms of which are substantially identical to the terms of the agreement between the SCP and Bankwell. The interest rate on the Bankwell Credit Line is variable at 3% in excess of the Wall Street Journal prime rate but in no event less than 6.25%, per annum, on the money in use. On June 30, 2017, the Bankwell Credit Line was again amended. The amendments included the following: (i) an increase in the amount available to \$20,000,000, (ii) interest would be calculated at the greater of (x) 5.5% and (y) the three-month LIBOR Rate plus 4.50%; (iii) the maturity date of the Bankwell Credit Line was extended to June 30, 2019. As of March 31, 2018, the interest rate on the Bankwell Credit Line was 6.19%.

The Bankwell Credit Line was scheduled to mature on June 30, 2019, at which time the entire unpaid principal balance and any accrued and unpaid interest were due and payable. The Company had the option to extend the term of the loan for the sole purpose of repaying the principal balance over a thirty-six-month period in equal monthly installments. The Bankwell Credit Line was secured by substantially all Company assets and was subject to borrowing base limitations and financial covenants including, maintaining a minimum fixed charge coverage ratio and maintaining minimum tangible net worth. In addition, among other things, provisions of the agreement prohibited Company merger, consolidation or disposal of assets or declaring and paying dividends in certain circumstances. The Company could prepay the balance due on the Bankwell Credit Line at any time, provided, however, if the credit line is refinanced with another lender, there is an "exit fee" of \$200,000.

JJV and each of the Company's co-chief executive officers had, jointly and severally, guaranteed the Company's obligations under the Bankwell Credit Line up to a maximum of \$1,000,000 each. Each of the Company's co-chief executive officers was required to maintain minimum ownership in the Company (*i.e.*, 500,000 common shares each).

At March 31, 2018, the outstanding amount under the Bankwell Credit Line was \$14,147,465.

See Note 11 below regarding the refinancing of the Bankwell Credit Line.

Mortgage Payable

The Company also has a mortgage payable to Bankwell Bank, collateralized by land and a building purchased by the Company to be used as its primary business location. The property is in the early stages of renovation and the Company expects to move its operations to the new location in the fourth quarter of 2018. The original principal amount of the mortgage loan is \$310,000 and bears interest at the rate of 4.52%. Interest and principal are payable in monthly installments of \$1,975 commencing in February 2017. The entire outstanding principal balance of the mortgage loan and all accrued and unpaid interest thereon is due and payable in January 2022.

Principal payments on the mortgage payable are due as follows:

Year ending December 31, 2018	\$	10,176
2019		10,645
2020		11,136
2021		11,650
2022		254,962
Total	\$	<u>298,569</u>

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

7. Mortgage Funding Payable

On March 29, 2018, the Company agreed to purchase two loans, made to a single borrower, from an unrelated financial institution for \$2,000,000. Actual funding was subject to obtaining certain required approvals and delivery of the complete original mortgage files. As a result, the Company recorded a Mortgage Funding Payable of \$2,000,000 at March 31, 2018.

8. Other income

At March 31, 2018 and 2017, other income consists of the following:

	2018	2017
Income on borrower charges	\$ 60,245	
Lender fees	138,495	\$ 13,960
In-house legal fees	34,900	7,000
Modification fees	45,025	
Other income	16,082	25,187
Total	<u>\$ 294,747</u>	<u>\$ 46,147</u>

9. Commitments and Contingencies

Loan Brokerage Commissions/Origination Fees Paid to JJV

Loan origination fees consist of points, generally 2%-5% of the original loan principal. Pursuant to the Company's operating agreement and prior to the Exchange, JJV is entitled to 75% of loan origination fees. For the three months ended March 31, 2017, loan origination fees paid to JJV were \$79,341. These payments are amortized over the life of the loan for financial statement purposes and recognized as a reduction of origination fee income. After the Exchange, JJV is no longer entitled to origination fee payments.

Original maturities of deferred revenue are as follows as of:

<u>December 31,</u>	
2019	\$ 727,428
2020	306,884
2021	134,310
Total	<u>\$ 1,168,622</u>

In instances in which mortgages are repaid before their maturity date, the balance of any unamortized deferred revenue is recognized in full.

Loan Servicing Fees

JJV administered the servicing of the Company's loan portfolio. At JJV's discretion, the loan servicing fee ranged from one-twelfth (1/12th) of one-half percent (0.5%) to one percent (1.0%) of the Company's loan portfolio, payable monthly and calculated based on total loans as of the first of each month. The percentage charged by JJV was 1.0% for the March 31, 2017 period up to the date of the Exchange. After the Exchange, JJV is no longer entitled to loan servicing fees.

For the three months ended March 31, 2017, loan servicing fees paid to JJV were \$32,778.

Unfunded Commitments

At March 31, 2018, the Company is committed to an additional \$3,811,439 in construction loans that can be drawn by the borrower when certain conditions are met.

Other

In the normal course of its business, the Company is named as a party-defendant because it is a mortgagee having interests in real properties that are being foreclosed upon, primarily resulting from unpaid property taxes. The Company actively monitors these actions and, in all cases, there remains sufficient value in the subject property to assure that no loan impairment exists.

10. Related Party Transactions

The Company currently leases office space, on a month-to-month basis, in a building owned by Union News of New Haven, Inc., an entity that is controlled and 20%-owned by Jeffrey Villano, the Company's co-CEO. Rent and other facility related charges paid by the Company to Union News for the three months ended March 31, 2018 and 2017 was \$4,500 and \$1,500 (for the period beginning February 9, 2017 to March 31, 2017), respectively. The Company expects to move its operations to a new location, owned by the Company, in the fourth quarter of 2018.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

Prior to the Exchange, SCP reimbursed the Manager for rent and other expenses paid by the Manager on its behalf. For the period beginning January 1, 2017 and ending February 8, 2017, such amount totaled \$35,847. In addition to rent, these amounts include other payments made by the Manager on SCP's behalf including insurance premiums and real estate taxes in instances where SCP was notified that the borrower is in default, costs of any actions (i.e., foreclosures) commenced by SCP to enforce its rights or collect amounts due from borrowers who were in default of their obligations to SCP as well as other costs that the Manager deemed appropriate to protect SCP's interests. For the period beginning January 1, 2017 and ending February 8, 2017, the Manager paid salaries and payroll taxes on behalf of the Company totaling \$12,223. Unreimbursed costs advanced by the Manager on behalf of SCP as of March 31, 2017 were \$4,905 and are included in other receivables on the Company's balance sheet.

During the period beginning January 1, 2017 and ending February 8, 2017, SCP paid the Manager \$52,902 representing origination fees on loans funded by SCP during the period.

From time to time, the Manager would acquire certain troubled assets from third parties who are not existing SCP borrowers. In such instances, the Manager would borrow money from SCP to finance these acquisitions. As part of the Exchange, the Company acquired the notes evidencing these loans from SCP. The principal balance of the loans to the Manager at March 31, 2018 was 969,457. The real estate purchased is held by the Manager in trust for the Company. The Company accounts for these arrangements as separate loans to the Manager. The income earned on these loans is equivalent to the income earned on similar loans in the portfolio. All underwriting guidelines are adhered to. The mortgage documents allow the Manager to sell the properties in case of default with proceeds in excess of loan principal and accrued expense being returned to the Manager. During the three months ended March 31, 2018 the Company did not make any loans to the Manager. During the three months ended March 31, 2018 and 2017, the Manager paid \$32,847 and \$35,745, respectively, of interest to the Company (or to SCP prior to the Exchange).

In the ordinary course of business, the Company may originate, fund, manage and service loans to shareholders (members in the case of loans funded prior to the Exchange). The underwriting process on these loans is consistent with Company policy. The terms of such loans, including the interest rate, income, origination fees and other closing costs are the same as those applicable to loans made to unrelated third parties in the portfolio. As of March 31, 2018, loans to former partners and now shareholders totaled \$4,879,228. Interest income earned on these loans totaled \$87,200 and \$35,745 for the periods ended March 31, 2018 and 2017, respectively.

During the year ended December 31, 2017, the Company originated then sold notes to a shareholder in the amount of \$2,750,000. Notes totaling \$2,000,000 were repurchased by the Company and are classified as mortgages receivable at December 31, 2017. Prior to December 31, 2017, \$723,478 was paid to the Company for the benefit of the noteholder. This amount is reflected in our balance sheet as Due to note purchaser at December 31, 2017 and was paid to the noteholder in January 2018.

At both March 31, 2018 and December 31, 2017, total amounts owed by the Manager to the Company was \$22,977 and is reflected as other receivables on the Company's balance sheet.

On February 9, 2017, the Company purchased computer hardware, software and furniture and fixtures totaling \$92,806 from JJV.

For the periods ended March 31, 2018 and 2017, the wife of one of our executive officers was paid \$18,750 and \$-0-, respectively, for accounting and financial reporting services provided to the Company.

11. Subsequent Events

On April 2, 2018, the Company declared a dividend of \$.105 per share to be paid on April 19, 2018 to shareholders of record on April 12, 2018. The total amount of the dividend payment was \$1,618,653.

On April 27, 2018, the Company sold a mortgage note with a face amount of \$1,200,000 to a former partner and now shareholder. The Company will continue to service the note during its term.

On May 11, 2018, the Company entered into an agreement with Webster Business Credit Corporation, Bankwell Bank and Berkshire Bank (collectively, the "Lenders") under which the Lenders agreed to provide the Company with a \$35 million revolving credit facility to replace the Bankwell Credit Line, which has now been repaid in full and terminated. The new credit facility is secured by a first priority lien on substantially all of the Company's assets. Amounts outstanding under the new credit facility will bear interest at a floating rate equal to the 30-day LIBOR rate plus 4.00% per annum, and will be due and payable on May 11, 2022. Pursuant to the terms of the agreement governing the new credit facility, the Company may draw up to 75% of its "Eligible Mortgage Loans," as defined. As of the Closing Date, Eligible Mortgage Loans totaled approximately \$47.7 million. The loan agreement governing the new credit facility contains provisions regarding defaults and events of default, representations and warranties and affirmative, negative and financial covenants that are typical of transactions of this sort.

No termination fee was paid with respect to the Bankwell Credit Line as a result of the refinancing.

Management has evaluated subsequent events through May 15, 2018 the date on which the financial statements were available to be issued. Based on the evaluation, no adjustments were required in the accompanying financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements and the notes to those statements included elsewhere in this report. Certain statements in this discussion and elsewhere in this report constitute forward-looking statements, within the meaning of section 21E of the Exchange Act, that involve risks and uncertainties. The actual results may differ materially from those anticipated in these forward-looking statements.

In February 2017, we completed our IPO in which we sold 2.6 million common shares at \$5.00 per share, or \$13 million of gross proceeds. The net proceeds from the IPO were approximately \$11.1 million. The primary purpose of the IPO was to raise additional equity capital to fund mortgage loans and expand our mortgage loan portfolio. The IPO was also intended to diversify our ownership so that we could qualify, for federal income tax purposes, as a real estate investment trust, or REIT. Initially, we used the net proceeds from the IPO to reduce to zero the outstanding balance on the Bankwell credit facility, which, at the time, was \$10.8 million. Since the IPO, our business has grown substantially. By the end of the first quarter of 2017, we had used the balance of the net proceeds from the IPO to fund new loans and the outstanding balance on the Bankwell credit facility was approximately \$4.15 million. In order to address our need for additional capital, we entered into a modification agreement with Bankwell, which, among other things, increased the size of the Bankwell credit facility to \$20 million, effectively reduced the interest rate on the outstanding balance and extended the term of the facility to June 30, 2019. In addition, in November 2017 we completed another public offering of our common shares in which we sold 4,312,500 shares at a public offering price of \$4.00 per share. The net proceeds from this offering, approximately \$15.3 million, were used immediately to reduce the outstanding balance of the Bankwell credit facility. At March 31, 2018, the outstanding balance on the Bankwell credit facility was approximately \$14.1 million and we also had \$3.8 million of unfunded commitments under construction loans. In May 2018, we replaced the Bankwell credit facility with a \$35 million credit facility funded by Webster Business Credit Corporation, Bankwell Bank and Berkshire Bank.

Company Overview

Sachem Capital Corp. was formed as HML Capital Corp. in January 2016 under the New York Business Corporation Law. On February 8, 2017, we acquired all the assets of Sachem Capital Partners, LLC, a Connecticut limited liability company, through which our business was conducted prior to the IPO, in exchange for 6,283,237 of our common shares and our assumption of all of SCP's liabilities, including its obligations to Bankwell (the "Exchange"). Immediately thereafter, on February 9, 2017, we completed the IPO. Prior to the consummation of the Exchange, we were not engaged in any business or investment activities and had only nominal assets and no liabilities.

We believe that since the consummation of the IPO we have met all the requirements to qualify as a REIT for federal income tax purposes and intend to elect to be taxed as a REIT beginning with our 2017 tax year. As a REIT, we are entitled to claim deductions for distributions of taxable income to our shareholders thereby eliminating any corporate tax on such taxable income. Any taxable income not distributed to shareholders is subject to tax at the regular corporate tax rates and may also be subject to a 4% exercise tax to the extent it exceeds 10% of our total taxable income. To maintain our qualification as a REIT, we are required to distribute each year at least 90% of our taxable income. As a REIT, we may also be subject to federal excise taxes and state taxes.

Operational and Financial Overview

Since commencing operations in 2010 through March 31, 2018, we have made an aggregate of 728 loans, which includes renewals and extensions of existing loans. At March 31, 2018, (i) our loan portfolio included 366 mortgage loans, with individual principal loan amounts ranging from \$15,000 to \$2.0 million and an aggregate loan amount of approximately \$69.6 million, (ii) the average original principal amount of the mortgage loans in the portfolio was \$190,000 and the median mortgage loan amount was \$125,000 and (iii) approximately 82% of the mortgage loans had a principal amount of \$250,000 or less. In comparison, at March 31, 2017, (i) our loan portfolio included 245 loans, with individual principal loan amounts ranging from \$21,000 to \$1.1 million and an aggregate loan amount of approximately \$40.1 million, (ii) the average original principal amount of the loans in the portfolio was \$164,000 and the median loan amount was \$112,338 and (iii) approximately 83% of the loans had a principal amount of \$250,000 or less. At March 31, 2018 and 2017, unfunded commitments for future advances under construction loans totaled approximately \$3.8 million and \$3.1, respectively.

Similarly, our revenues and net income have been growing. For the first quarter of 2018, revenues and net income were approximately \$2.7 million and \$2.0, respectively. For the first quarter of 2017, revenues and net income were approximately \$1.3 million and \$897,000, respectively. We cannot assure our shareholders that we will be able to sustain these growth rates indefinitely.

Our loans typically have a maximum initial term of one to three years and bear interest at a fixed rate of 9.5% to 12% per year and a default rate for non-payment of 18% per year. We usually receive origination fees, or “points,” ranging from 2% to 5% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan. Since we treat an extension or renewal of an existing loan as a new loan, we also receive additional “points” and other loan-related fees in connection with those transactions. Interest is always payable monthly in arrears. As a matter of policy, we do not make any loans if the loan-to-value ratio exceeds 65%. In the case of construction loans, the loan-to-value ratio is based on the post-construction value of the property. Under the terms of the Bankwell credit facility (described below), loans exceeding \$325,000 require an independent appraisal of the collateral. Failure to obtain such an appraisal would render the loan ineligible for financing under the credit facility. In the case of smaller loans, we rely on readily available market data, including tax assessment rolls, recent sales transactions and brokers to evaluate the strength of the collateral. Finally, we have adopted a policy that limits the maximum amount of any loan we fund to a single borrower or a group of affiliated borrowers to 10% of the aggregate amount of our loan portfolio after taking into account the loan under consideration.

Our revenue consists primarily of interest earned on our loan portfolio and our net income is the spread between the interest we earn and our cost of funds. Our capital structure is more heavily weighted to equity rather than debt (approximately 80.3% vs. 19.7% of our total capitalization at March 31, 2018) and the interest rate on the Bankwell credit facility was 6.19% per annum. As of March 31, 2018, the annual yield on our loan portfolio was 12.19% per annum. The yield has remained steady over the past few years as older loans come due and are either being repaid or refinanced at similar rates. The yield reflected above does not include other amounts collected from borrowers such as origination fees, default rates of interest and late payment fees. We expect our borrowing costs to continue to increase in 2018 as interest rates continue to increase. To date, we have not raised rates on our loans to match the recent increases in our borrowing rate. After considering the pros and cons of increasing our rates, considering our relatively low level of debt and cost of funds, we believe the better strategy is to focus on building market share rather than short-term profits and cash flow, although this strategy could adversely impact our profits and cash flow in the short-term. In addition, we seek to mitigate some of the risk associated with rising rates by limiting the term of new loans to one year, whenever possible. If, at the end of the term, the loan is not in default and meets our other underwriting criteria, we will consider an extension or renewal of the loan at our then prevailing interest rate. However, if interest rates continue to increase, we may find it necessary to change our strategy and try to increase the rates on our mortgage loans as well. If we are successful, this may undermine our strategy to increase market share. If we are not successful, the “spread” between our borrowing costs and the yield on our portfolio will be squeezed and would adversely impact our net income. We cannot assure investors that we will be able to increase our rates at any time in the future and we cannot assure you that we can continue to increase our market share.

As a real estate finance company, we deal with a variety of default situations, including breaches of covenants, such as the obligation of the borrower to maintain adequate liability insurance on the mortgaged property, to pay the taxes on the property and to make timely payments to us. As such, we may not be aware that a default occurred. As a result, we are unable to quantify the number of loans that may have, at one time or another, been in default. From our inception in December 2010 through March 31, 2018, we made an aggregate of 728 mortgage loans having an aggregate original principal amount of \$131.0 million. Until 2015, we never had a situation where a borrower was unable to service a loan during its term or unable to repay the entire outstanding balance, interest and principal, in full at maturity.

At March 31, 2018, of the 366 mortgage loans in our portfolio, 13 are treated by us as “non-performing”, typically because the borrower is more than 90 days in arrears on its interest payment obligations or because the borrower has failed to make timely payments of real estate taxes or insurance premiums. The aggregate outstanding principal balance of these non-performing loans and the accrued but unpaid interest as of March 31, 2018 was approximately \$3.5 million. The non-performing loans have all been referred to counsel to commence foreclosure proceedings or to negotiate settlement terms. In the case of each non-performing loan, we believe the value of the collateral exceeds the outstanding balance on the loan.

Financing Strategy Overview

To continue to grow our business, we must increase the size of our loan portfolio, which requires that we raise additional capital either by selling shares of our capital stock or by incurring additional indebtedness. We do not have a policy limiting the amount of indebtedness that we may incur. Thus, our operating income in the future will depend on how much debt we incur and the spread between our cost of funds and the yield on our loan portfolio. Rising interest rates could have an adverse impact on our business if we cannot increase the rates on our loans to offset the increase in our cost of funds and to satisfy investor demand for yield. In addition, rapidly rising interest rates could have an unsettling effect on real estate values, which could compromise some of our collateral.

We do not have any formal policy limiting the amount of indebtedness we may incur. However, under the terms of the Bankwell credit facility, we may not incur any additional indebtedness exceeding \$100,000 in the aggregate without Bankwell's consent. Depending on various factors we may, in the future, decide to take on additional debt to expand our mortgage loan origination activities to increase the potential returns to our shareholders. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion regarding the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. At March 31, 2018, debt proceeds represented approximately 20.0% of our total capital. However, to grow the business and satisfy the requirement to pay out 90% of net profits, we expect to increase our level of debt over time to approximately 50% of our total capital. We intend to use leverage for the sole purpose of financing our portfolio and not for speculating on changes in interest rates.

We consummated the IPO in February 2017 and sold 2,600,000 common shares at a price of \$5.00 per share. The net proceeds, after payment of underwriting discounts and commissions and transaction fees were approximately \$11.1 million. We used a portion of the net proceeds immediately to pay down the entire outstanding balance on the Bankwell credit facility. In November 2017 we completed a second public offering in which we sold an aggregate of 4,312,500 common shares at a public offering price of \$4.00 per share. The gross proceeds from the November offering were \$17.25 million and the net proceeds were approximately \$16.0 million, which were also used to reduce the outstanding balance on the Bankwell credit facility.

The Bankwell credit facility was a \$20 million revolving credit facility that we used to fund the loans we originated. Assuming we were not then in default under the terms of the Bankwell credit facility, upon its expiration, we had the option to repay the outstanding balance, together with all accrued interest thereon in 36 equal monthly installments beginning July 30, 2019.

The Bankwell credit facility was secured by assignment of notes and mortgages and other collateral and was jointly and severally guaranteed by JJV, Jeffrey C. Villano and John L. Villano, CPA, our co-chief executive officers. The liability of each guarantor was capped at \$1 million. As of March 31, 2018, we estimated that loans having an aggregate principal amount of approximately \$30.0 million, representing approximately 44% of our mortgages receivable, satisfied all of the eligibility requirements set forth in the Bankwell credit facility. As of March 31, 2018, the total amount outstanding under the Bankwell credit facility was approximately \$14.1 million.

In May 2018, we replaced the Bankwell credit facility with a \$35 million credit facility funded by Webster Business Credit Corporation, Bankwell Bank and Berkshire Bank. (See Part II – Item 5 of this Report).

Corporate Reorganization and REIT Qualification

Our operating expenses have increased significantly as a result of the IPO due to various factors including our conversion from a limited liability company to a regular C corporation, operating as a REIT, our status as a publicly-held reporting company and growth in our operations. As a corporation, we incur various costs and expenses that we did not have as a limited liability company, such as director fees, directors' and officers' insurance and state and local franchise taxes and we incur significant compensation and other employee-related costs for services rendered by our senior executive officers. Moreover, because of various laws, rules and regulations that prohibit or severely limit our ability to enter into agreements with related parties, certain operating expenses, such as rent, have increased as well. Finally, we anticipate increases in professional fees, filing fees, printing and mailing costs, exchange listing fees, transfer agent fees and other miscellaneous costs related to our compliance with various laws, rules and regulations applicable to REITs and a publicly-held reporting company. For example, we are required to, among other things, file annual, quarterly and current reports with respect to our business and operating results. Also, as a public reporting company, we must establish and maintain effective disclosure and financial controls. As a result, we may need to hire additional accounting and finance personnel with appropriate public company experience and technical accounting knowledge, which will also increase our operating expenses.

Emerging Growth Company Status

We are an “emerging growth company”, as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an emerging growth company, we can also delay adopting new or revised accounting standards until those standards apply to private companies. We intend to avail ourselves of these options. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company.

We will cease to be an emerging growth company upon the earliest of: (i) the end of the 2022 fiscal year; (ii) the first fiscal year after our annual gross revenue are \$1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which the market value of our common shares held by non-affiliates exceeded \$700 million as of the end of the second quarter of that fiscal year. We cannot predict if investors will find our common shares less attractive if we choose to rely on these exemptions. If, as a result of our decision to reduce future disclosure, investors find our common shares less attractive, there may be a less active trading market for our common shares and the price of our common shares may be more volatile.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections and (c) general financial market conditions. Actual amounts could differ from those estimates.

Interest income from commercial loans is recognized, as earned, over the loan period and origination fee revenue on commercial loans is amortized over the term of the respective note.

As an “emerging growth company,” we intend to avail ourselves of the reduced disclosure requirements and extended transition periods for adopting new or revised accounting standards that would otherwise apply to us as a public reporting company. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company. As a result, our financial statements may not be comparable to those of other public reporting companies that either are not emerging growth companies or that are emerging growth companies but have opted not to avail themselves of these provisions of the JOBS Act and investors may deem our securities a less attractive investment relative to those other companies, which could adversely affect our stock price.

Results of operations

We were formed in January 2016 and, prior to the consummation of the Exchange, had not engaged in any business activity. Except as otherwise stated, the results of operations discussed below for the quarter ended March 31, 2017, include those of SCP for the portion of the period prior to the consummation of the Exchange on February 8, 2017. Given the significant changes to our operations in the first quarter of 2017, comparisons of operating results in 2018 and 2017 may not be appropriate.

Three months ended March 31, 2018 compared to three months ended March 31, 2017

Total revenue

Total revenue for the three months ended March 31, 2018 was approximately \$2.7 million compared to approximately \$1.3 million for the three months ended March 31, 2017, an increase of \$1.4 million, or 111%. The increase in revenue represents an increase in lending operations. For the 2018 period, interest income was approximately \$2.0 million, net origination fees were approximately \$349,000 and other income was approximately \$295,000. In comparison, for the three months ended March 31, 2017, interest income was approximately \$1.04 million, net origination fees were approximately \$97,500 and other income was approximately \$46,000. Prior to the completion of the IPO, 75% of gross origination fees were paid to JJV, LLC, SCP's managing member. Accordingly, from January 1, 2017 through February 8, 2017, net origination fee income is net of the amounts payable to JJV and other adjustments. From and after February 9, 2017, JJV is no longer entitled to any payments from us (other than dividends paid to it in its capacity as a shareholder of Sachem Capital Corp.).

Operating costs and expenses

Total operating costs and expenses for three months ended March 31, 2018 were \$744,000 compared to approximately \$392,000 for the three months ended March 31, 2017 period, an increase of approximately 90%. The increase in operating costs and expenses is primarily attributable to the increase in our lending operations as well as a change in our status from a limited liability company to a publicly-held real estate investment trust (REIT) subject to the reporting requirements of the Securities and Exchange Act of 1934. Interest expense and amortization of deferred financing costs for the three months ended March 31, 2018 were approximately \$223,000 compared to approximately \$116,000 for the same period in 2017, an increase of approximately 92.2%, reflecting the increase in the amount outstanding under the Bankwell credit facility. Compensation and related costs for the three months ended March 31, 2018 was approximately \$246,000 compared to approximately -\$0- for the same period in 2017. However, this was offset, in part, by a decrease in compensation to manager to -\$0- in 2018 compared to approximately \$36,000 in 2017. As a result of our status as a public company, for the three months ended March 31, 2018, we experienced increases in professional fees (approximately \$116,000 in 2018 compared to approximately \$84,000 for the same period in 2017) and general and administrative expenses (approximately \$98,000 in 2018 compared to approximately \$46,000 for the same period in 2017). Depreciation for the three months ended March 31, 2018 was \$7,634 compared to \$5,156 for the same period in 2017. In addition, for the three months ended March 31, 2018, we incurred excise tax of \$19,000 compared to -\$0- for the same period in 2017, because we failed to distribute 85% of our 2017 taxable income in 2017. The foregoing expenses were offset by a decrease in other fees and taxes (approximately \$34,000 in 2018 compared to approximately \$106,000 in 2017).

Net Income

Net income for the three months ended March 31, 2018 was approximately \$2.0 million, or \$.13 per share, compared to approximately \$897,000, or \$0.06 per share for the three months ended March 31, 2017. Since we were operating as a limited liability company prior to the IPO, the net income per share data for the three months ended March 31, 2017 does not include the net income per share for the period prior to the IPO from January 1, 2017 through February 8, 2017.

Liquidity and Capital Resources

Net cash provided by operating activities for the three months ended March 31, 2018 was approximately \$1.3 million compared to approximately \$339,000 for the three months ended March 31, 2017. The increase in net cash provided by operating activities in the 2018 period is primarily attributable to an increase of approximately \$1.1 million in net income, a decrease of approximately \$252,000 in other receivables, an increase of approximately \$631,000 in due to member and a decrease of approximately \$532,000 in escrow deposits, offset by an increase of approximately \$115,000 in interest and fees receivable, a decrease of approximately \$574,000 in accrued expenses and a decrease of approximately \$723,000 in due to note purchaser.

Net cash used for investing activities for the three months ended March 31, 2018 was approximately \$4.3 million compared to approximately \$6.2 million for same 2017 period. The decrease in cash used for investing activities for the March 2018 period is primarily due to increased collections on mortgages receivable of \$2.1 million compared to the March 2017 period.

Net cash provided by financing activities for the three months ended March 31, 2018 was approximately \$2.6 million compared to approximately \$5.7 million for the three months ended March 31, 2017. Net cash provided by financing activities for the three months ended March 31, 2018 primarily consists of net proceeds from the Bankwell credit facility of approximately \$4.3 million offset by dividends paid of approximately \$1.6 million, while net cash provided by financing activities for the three months ended March 31, 2017, consists primarily of net proceeds from the IPO of approximately \$11.5 million and member contributions of approximately \$653,000 offset by net payments of the Bankwell credit facility of approximately \$4.0 million and members distributions of approximately \$2.5 million.

In May 2018, we replaced the Bankwell credit facility with a \$35 million credit facility funded by Webster Business Credit Corporation, Bankwell Bank and Berkshire Bank. (See Part II – Item 5 of this Report).

We project anticipated cash requirements for our operating needs as well as cash flows generated from operating activities available to meet these needs. Our short-term cash requirements primarily include funding of loans and payments for usual and customary operating and administrative expenses, such as employee compensation, rent, sales, marketing expenses and dividends. Based on this analysis, we believe that our current cash balances, the amount available to us under our new credit facility, described below, and our anticipated cash flows from operations will be sufficient to fund the operations for the next 12 months.

Our long-term cash needs will include principal payments on outstanding indebtedness and funding of new mortgage loans. Funding for long-term cash needs will come from our cash on hand, operating cash flows, and unused capacity of our new credit facility or any replacement thereof.

From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains).

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of our requirements for capital resources.

Contractual Obligations

As of March 31, 2018, our contractual obligations include unfunded amounts of any outstanding construction loans and unfunded commitments for loans as well as contractual obligations consisting of operating leases for equipment and software licenses.

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Operating lease obligations	\$ 8,689	\$ 8,021	\$ 668	\$ —	\$ —
Unfunded portions of outstanding construction loans	3,811,439	3,811,439	—	—	—
Unfunded loan commitments	-0-	-0-	-0-	—	—
Total contractual obligations	<u>\$ 3,820,128</u>	<u>\$ 3,819,460</u>	<u>\$ 668</u>	<u>\$ —</u>	<u>\$ —</u>

As of the date of the Exchange, SCP owed \$910,211 to JJV of which \$64,794 represented borrower charges advanced by JJV and \$845,417 represented expenses paid by JJV for and on behalf of SCP for professional and other costs associated with the IPO, services rendered to SCP in connection with originating, underwriting, closing and servicing loans on our behalf and other miscellaneous items. The entire amount due to JJV was paid by SCP from its cash on hand on February 9, 2017. Since the IPO, JJV is no longer entitled to any management or other fees for services rendered to SCP or to us unless specifically authorized by our board of directors, which majority must also include a majority of the “independent” directors.

Recent Accounting Pronouncements

See “Note 2 — Significant Accounting Policies” to the financial statements for explanation of recent accounting pronouncements impacting us.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation and Disclosure Controls and Procedures

Our management, with the participation of our co-chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2018 (the “Evaluation Date”). Based upon that evaluation, the chief executive officer and the chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) are recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (ii) are accumulated and communicated to our management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the fiscal quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. OTHER INFORMATION

On May 11, 2018 (the “Closing Date”), we entered into an agreement with Webster Business Credit Corporation (“WBCC”), Bankwell Bank and Berkshire Bank (collectively, the “Lenders”) under which the Lenders agreed to provide us with a \$35 million revolving credit facility to replace the Bankwell credit facility, which has now been repaid in full and terminated. The new credit facility is secured by a first priority lien on substantially all our assets. Amounts outstanding under the new credit facility will bear interest at a floating rate equal to the 30-day LIBOR rate plus 4.00% per annum and will be due and payable on May 11, 2022.

Pursuant to the terms of the agreement governing the new credit facility, we may draw up to 75% of our “Eligible Mortgage Loans,” which are defined as mortgage loans secured by a first mortgage lien on real property as to which (a) certain representations and warranties are correct, (b) the loan-to-value ratio is not greater than seventy percent (70%), (c) the principal amount of such mortgage loan does not exceed \$1.5 million (\$4 million in the case of related borrowers), (d) (i) with respect to mortgage loans made prior to the Closing Date, the mortgage note has a stated maturity that does not exceed thirty-six (36) months and does not provide for, or have, any extension beyond thirty-six (36) months from the original due date of such mortgage note (ii) with respect to Mortgage Loans made on or after the Closing Date, the mortgage note has a stated maturity that does not exceed twenty-four (24) months and does not provide for, or have, any extension beyond twenty-four (24) months from the original due date of such mortgage note and (e) the mortgage file has been delivered to WBCC, the Agent for the Lenders and (f) that were approved by Agent in its “permitted discretion” for inclusion as collateral. Mortgage loans secured by non-residential properties are excluded. As of the Closing Date, Eligible Mortgage Loans totaled approximately \$47.7 million.

Under the terms of the new credit facility, we, or a loan subsidiary, may enter into a separate loan transaction with one or more third party financial institution(s), which is secured by a lien on the commercial loans in our portfolio. As of March 31, 2018, we had approximately \$16.5 million of commercial loans in our portfolio.

Events of default under the terms of the new credit facility include: (i) failure to timely pay amounts due; (ii) breach of covenants and other agreements; (iii) material misrepresentations; (iv) bankruptcy or insolvency; (v) failure to deliver reports on time; (vi) change in control or change in management and (vii) material adverse changes to our business.

In connection with the new credit facility we made various representations and warranties, which are typical of transactions of this type including those relating to our authority to enter into the transaction, our organization and qualification, the filing of tax returns and the payment of taxes, the completeness and accuracy of our financial statements, our compliance with laws, rules and regulations relating to our employees, the workplace and the environment, our solvency, our indebtedness and liabilities; our intellectual property; the status of our material agreements, that we are not in default of any material agreements, that we have no labor disputes and our status as a REIT.

We also agreed to various affirmative and negative and financial covenants typical of transactions of this type. The financial covenants include maintaining (i) a minimum tangible net worth of not less than \$52 million, (ii) a fixed charge coverage ratio of not less than 1.25:1 and (iii) a senior funded debt to tangible net worth ratio of not more than 2:1.

We are also obligated to provide the lenders with various reports and schedules including unaudited quarterly and audited annual financial statements, an annual budget and a borrowing base certificate. If we fail to provide these reports on a timely basis, we are subject to late fees of \$150/day/report.

Finally, in addition to interest, we are responsible for the following additional fees: (i) unused line fee of 0.375% per annum, payable quarterly, (ii) the Agent’s fee of 0.25% per annum computed on the actual outstanding balances, payable monthly, (iii) a collateral evaluation fee of \$2,500 per month; and (iv) a computer access fee of \$150 per month. Other periodic charges include audit fees of \$950/day/person, 2-4 times per year.

Item 6. EXHIBITS

Exhibit No.	Description
2.1	Form of Amended and Restated Exchange Agreement (1)
3.1	Certificate of Incorporation (1)
3.1(a)	Certificate of Amendment to Certificate of Incorporation (1)
3.2	Bylaws, as amended (2)
4.1	Form of Representative's Warrants (5)
4.2	Form of Representatives' Warrants issued on October 27, 2017 in connection with the follow-on underwritten public offering (4)
10.1**	Employment Agreement by and between John C. Villano and Sachem Capital Corp. (1)
10.2**	Employment Agreement by and between Jeffrey L. Villano and Sachem Capital Corp. (1)
10.3	Sachem Capital Corp. 2016 Equity Compensation Plan (1)
10.4.1	Amended and Restated Revolving Note, dated March 15, 2016, in the principal amount of \$15,000,000 (1)
10.4.2	Form of Second Amended and Restated Commercial Revolving Loan and Security Agreement, February 8, 2017, among Bankwell Bank, as Lender, and Sachem Capital Partners, LLC, as Existing Borrower, and Sachem Capital Corp., as Borrower (1)
10.4.3	Guaranty Agreement, dated December 18, 2014 (1)
10.4.4	Form of Second Reaffirmation of Guaranty Agreement, dated February 8, 2017 (1)
10.4.5	Amended and Restated Revolving Note, dated June 30, 2017, in the principal amount of \$20,000,000 (3)
10.4.6	Modification of Second Amended and Restated Commercial Revolving Loan and Security Agreement, dated as of June 30, 2017, among Bankwell Bank (as lender), Sachem Capital Corp. (as borrower), and John L. Villano, Jeffrey C. Villano and JJV, LLC, (as guarantors) (3)
10.4.7	Third Reaffirmation of Guaranty Agreement, dated June 30, 2017 (3)
10.5	Credit and Security Agreement, dated as of May 11, 2018, by and among Sachem Capital Corp. (as borrower) and Webster Business Credit Corporation ("WBCC"), Bankwell Bank ("Bankwell") and Berkshire Bank ("Berkshire") (collectively, the lenders) for a \$35 million revolving credit facility *
10.5.1	Final Form of Revolving Credit Note issued to each of WBCC, Bankwell and Berkshire, dated May 11, 2018, in the principal amounts of \$13,750,000, \$13,750,000 and \$7,500,000, respectively. *
31.1	Chief Executive Officer Certification as required under section 302 of the Sarbanes Oxley Act *
31.2	Chief Financial Officer Certification as required under section 302 of the Sarbanes Oxley Act *
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act ***
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act ***
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *

* Filed herewith.

** Compensation plan or arrangement for current or former executive officers and directors.

*** Furnished, not filed, in accordance with item 601(32)(ii) of Regulation S-K.

(1) Previously filed as an exhibit to the Registration Statement on Form S-11, as amended, (SEC File No.: 333-214323) and incorporated herein by reference.

(2) Previously filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.

(3) Previously filed as an exhibit to the Current Report on Form 8-K on July 6, 2017 and incorporated herein by reference.

(4) Previously filed on October 20, 2017, as Exhibit A to Exhibit 1.1 of the Registration Statement on Form S-11, as amended, (SEC File No.: 333-218954) and incorporated herein by reference.

(5) Previously filed on December 23, 2016, as Exhibit A to Exhibit 1.1 of the Registration Statement on Form S-11, as amended, (SEC File No.: 333-214323) and incorporated herein by reference.

SIGNATURES

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 thereunto duly authorized.

Date: May 15, 2018

SACHEM CAPITAL CORP.

By: /s/ Jeffrey C. Villano
Jeffrey C. Villano
Co-Chief Executive Office
(Principal Executive Officer)

Date: May 15, 2018

By: /s/ John L. Villano
John L. Villano, CPA
Co-Chief Executive Office and Chief Financial Officer
(Principal Financial Officer)

CREDIT AND SECURITY AGREEMENT

by and among

SACHEM CAPITAL CORP.

as a Borrower

The Corporate Guarantors signatory hereto

and

WEBSTER BUSINESS CREDIT CORPORATION,

as a Lender and as Agent

and

BANKWELL BANK,

as a Lender and as Co-Syndication Agent

and

the other Lenders party hereto from time to time

Signing Date: As of May 11, 2018

TABLE OF CONTENTS

1.	DEFINITIONS.	1
1.1	Accounting Terms	1
1.2	General Terms	1
1.3	Uniform Commercial Code Terms	2
2.	ADVANCES, PAYMENTS.	2
2.1	Revolving Advances	2
2.2	Procedure for Borrowing	2
2.3	Disbursement of Advance Proceeds	2
2.4	Maximum Revolving Advances	3
2.5	Repayment of Revolving Advances	3
2.6	Repayment of Overadvances	3
2.7	Statement of Account	3
2.8	Additional Payments	4
2.9	Manner of Borrowing and Payment; Settlements	4
2.10	Mandatory Prepayments	6
2.11	Use of Proceeds	6
2.12	Defaulting Lender	7
3.	INTEREST AND FEES.	8
3.1	Interest	8
3.2	Fee Letter	8
3.3	Unused Line	8
3.4	[Reserved]	8
3.5	[Reserved]	8
3.6	Computation of Interest and Fees	8
3.7	Maximum Charges	8
3.8	Increased Costs	9
3.9	Capital Adequacy	9
3.10	Yield Maintenance	10
3.11	Delay in Requests	10
4.	COLLATERAL; GENERAL TERMS.	10
4.1	Security Interest in the Collateral	10
4.2	Perfection of Security Interest	11
4.3	Disposition of Collateral; Release by Agent	12
4.4	Preservation of Collateral	13
4.5	Ownership of Collateral	13
4.6	Defense of Agent's and Lenders' Interests	14
4.7	Books and Records	14
4.8	Financial and Other Disclosure	14
4.9	Compliance with Laws	15
4.10	Inspection of Premises; Appraisals	15
4.11	Insurance	16

4.12	Payment of Taxes	17
4.13	Payment of Leasehold Obligations	17
4.14	Receivables	17
4.15	[Reserved]	21
4.16	[Reserved]	21
4.17	Exculpation of Liability	21
4.18	Environmental Matters	21
4.19	No Other Financing Statements	23
4.20	Intellectual Property	23
4.21	Mortgages on Mortgaged Property	24
4.22	Mortgages on Real Property	24
4.23	Execution of Supplemental Instruments	24
4.24	OFAC	24
5.	REPRESENTATIONS AND WARRANTIES.	24
5.1	Authority	24
5.2	Formation and Qualification	25
5.3	Tax Returns	25
5.4	Financial Statements	25
5.5	Name	26
5.6	OSHA and Environmental Compliance	26
5.7	Solvency	27
5.8	Litigation	27
5.9	No Indebtedness	27
5.10	No Violations	27
5.11	Plans	28
5.12	Intellectual Property	28
5.13	Licenses and Permits	28
5.14	No Default of Indebtedness	28
5.15	No Other Defaults	29
5.16	No Burdensome Restrictions	29
5.17	No Labor Disputes	29
5.18	Margin Regulations	29
5.19	Investment Company Act	29
5.20	Disclosure	29
5.21	No Conflicting Agreements or Orders	29
5.22	Application of Certain Laws and Regulations	29
5.23	Business and Property of Loan Parties	30
5.24	Hedge Contracts	30
5.25	Real Property	30
5.26	Deposit Accounts	30
5.27	Anti-Terrorism Laws	30
5.28	REIT Status	30
6.	AFFIRMATIVE COVENANTS.	30
6.1	Payment of Fees	30
6.2	Conduct of Business and Maintenance of Existence and Assets	30

6.3	Compliance with Laws	31
6.4	Government Receivables	31
6.5	Taxes	31
6.6	Execution of Supplemental Instruments	32
6.7	Payment of Indebtedness and Leasehold Obligations	32
6.8	Standards of Financial Statements	32
6.9	Anti-Terrorism Laws	32
6.10	Post-Closing Matters	32
6.11	Servicing Agent	32
6.12	[Reserved]	35
6.13	Servicing	35
6.14	Termination of Servicing Duties	36
6.15	Agent Communications	36
6.16	Periodic Due Diligence Review	36
6.17	REIT Status	37
7.	NEGATIVE COVENANTS.	37
7.1	Merger, Consolidation and Acquisitions	37
7.2	Sales of Assets	37
7.3	Creation of Liens	37
7.4	Guarantees	37
7.5	Investments	37
7.6	Loans	38
7.7	Dividends	38
7.8	Reserved	38
7.9	Indebtedness	38
7.10	Nature of Business	38
7.11	Transactions with Affiliates	38
7.12	Leases	39
7.13	Subsidiaries	39
7.14	Fiscal Year and Accounting Changes	39
7.15	Pledge of Credit	39
7.16	Amendment of Documents	39
7.17	Compliance with ERISA	39
7.18	Prepayment of Indebtedness	40
7.19	Payment of Subordinated Debt	40
7.20	Deposit Accounts	40
7.21	[Reserved]	40
7.22	Limitations on Release of Mortgagor Customers	40
7.23	Underwriting Guidelines	40
7.24	Long Term Mortgages	40
8.	FINANCIAL COVENANTS.	41
8.1	Controlling Definitions	41
8.2	Tangible Net Worth	42
8.3	Fixed Charge Coverage Ratio	42
8.4	Senior Funded Debt to Tangible Net Worth Ratio	42

9.	CONDITIONS PRECEDENT.	42
9.1	Conditions to the Initial Revolving Advance	42
9.2	Conditions to Each Revolving Advance	46
10.	INFORMATION AS TO LOAN PARTIES.	46
10.1	Disclosure of Material Matters	46
10.2	Schedules	47
10.3	Environmental Compliance Certificate	47
10.4	Litigation	47
10.5	Material Occurrences	47
10.6	[Reserved]	48
10.7	Annual Financial Statements	48
10.8	Quarterly Financial Statements	48
10.9	[Reserved]	49
10.10	Borrowing Base Certificate	49
10.11	Other Reports	49
10.12	Additional Information	49
10.13	Projected Operating Budget	49
10.14	[Reserved]	49
10.15	Notice of Suits, Adverse Events	49
10.16	ERISA Notices and Requests	50
10.17	Intellectual Property	50
10.18	Additional Documents	50
10.19	Mortgage File Reports	50
11.	EVENTS OF DEFAULT.	51
11.1	Obligations	51
11.2	Misrepresentations	51
11.3	Financial Information	51
11.4	Liens	51
11.5	Covenants	51
11.6	Judgments	51
11.7	Voluntary Bankruptcy	51
11.8	Insolvency	52
11.9	Involuntary Bankruptcy	52
11.10	Material Adverse Changes	52
11.11	Agent's Liens	52
11.12	Subordinated Debt	52
11.13	Cross Default	52
11.14	Guaranty	52
11.15	Change of Control	52
11.16	Change of Management	52
11.17	Invalidity	53
11.18	Takings	53
11.19	Seizures	53
11.20	Plans	53
11.21	Criminal Charges	53
11.22	REIT Status	53

12.	LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.	54
12.1	Rights and Remedies	54
12.2	Allocation of Payments after Event of Default	54
12.3	Agent's Discretion	55
12.4	Setoff	55
12.5	Rights and Remedies not Exclusive	55
13.	WAIVERS AND JUDICIAL PROCEEDINGS.	56
13.1	Waiver of Notice	56
13.2	Delay	56
13.3	Jury Waiver	56
14.	EFFECTIVE DATE AND TERMINATION.	56
14.1	Term; Early Termination Fee	56
14.2	Termination	57
15.	MULTIPLE LOAN PARTIES.	57
15.1	Borrowing Agency Provisions	57
15.2	Waiver of Subrogation	58
16.	REGARDING AGENT.	58
16.1	Appointment	58
16.2	Nature of Duties	59
16.3	Lack of Reliance on Agent	59
16.4	Resignation of Agent; Successor Agent	60
16.5	Certain Rights of Agent	60
16.6	Reliance	60
16.7	Notice of Default	61
16.8	Indemnification	61
16.9	Agent in its Individual Capacity	61
16.10	Delivery of Documents	61
16.11	Loan Parties Undertaking to Agent	62
16.12	No Reliance on Agent's Customer Identification Program	62
16.13	Other Agreements	62
16.14	Other Agents	62
17.	MISCELLANEOUS.	63
17.1	GOVERNING LAW	63
17.2	Entire Understanding	63
17.3	Successors and Assigns; Participations; New Lender	67
17.4	Application of Payments	69
17.5	Indemnity	69
17.6	Notice	70
17.7	Survival	71
17.8	Severability	71

17.9	Expenses	71
17.10	Rights to Cure	71
17.11	Injunctive Relief	72
17.12	Consequential Damages	72
17.13	Third Party Beneficiaries	72
17.14	Captions	72
17.15	Counterparts; Telecopied Signatures; Seal	72
17.16	Construction	72
17.17	Confidentiality	72
17.18	Publicity	73
17.19	Survival of Representations and Warranties	73
17.20	Certain Matters of Construction	73
17.21	Destruction of Invoices	74
17.22	Time	74
17.23	Patriot Act	74
17.24	No Tax Advice	74
17.25	Completion of Blanks	74
17.26	Exculpation of Lenders	74
17.27	Electronic Transmissions	75
18.	GUARANTY.	75
18.1	Guaranty	75
18.2	Waivers	75
18.3	No Defense	75
18.4	Guaranty of Payment	76
18.5	Liabilities Absolute	76
18.6	Waiver of Notice	77
18.7	Agent's Discretion	77
18.8	Reinstatement	77

List of Annexes, Exhibits and Schedules

Annexes

Annex One	Definitions
Annex Two	Representations and Warranties re: Mortgage Loans

Exhibits

Exhibit 2.1	Revolving Credit Note
Exhibit 2.2	Notice of Borrowing
Exhibit 9.1(c)	Secretary's Certificate
Exhibit 9.1(p)	Pledge Agreement
Exhibit 9.1(r)	Closing Certificate
Exhibit 10.8	Compliance Certificate
Exhibit 10.10	Borrowing Base Certificate
Exhibit 17.3	Commitment Transfer Supplement
Exhibit A	Form of Escrow Agreement
Exhibit B	Underwriting Guidelines
Exhibit C	Form of Servicer Notice
Exhibit D	Form of Term Sheet
Exhibit E	Form of Customer Guaranty

Schedules

Schedule 1.1	Revolving Commitments and Revolving Commitment Percentages
Schedule 4.5	Locations
Schedule 4.14(c)	Location of Executive Offices
Schedule 5.2	Organizational Data and Numbers; Qualifications
Schedule 5.3	Federal Tax Identification Numbers
Schedule 5.5	Name
Schedule 5.8	Litigation
Schedule 5.9	Indebtedness
Schedule 5.10	Violations
Schedule 5.11	Plans
Schedule 5.12	Intellectual Property
Schedule 5.25	Real Property
Schedule 5.26	Deposit Accounts
Schedule 6.10	Post-Closing Matters
Schedule 7.11	Transactions with Affiliates

CREDIT AND SECURITY AGREEMENT

PREAMBLE. This Credit and Security Agreement (herein, together with all schedules and exhibits hereto, and as it may be amended or modified from time to time, called this "Agreement"), dated as May 11, 2018 (the "Signing Date"), is made by and among (i) SACHEM CAPITAL CORP., a New York corporation ("Sachem"); and together with each Person joined hereto as a Borrower from time to time, collectively the "Borrowers", and each, a "Borrower"; (ii) the Corporate Guarantors signatory hereto (collectively with Borrowers, each, a "Loan Party" and collectively, the "Loan Parties"); (iii) the financial institutions who are now or hereafter become parties hereto as lenders (collectively, the "Lenders" and each individually, a "Lender"); (iv) WEBSTER BUSINESS CREDIT CORPORATION, a New York corporation ("WBCC"), individually, as a Lender hereunder and as agent for itself and each other Lender Party (as hereinafter defined) (WBCC, acting in such agency capacity, the "Agent"); and (v) BANKWELL BANK, a Connecticut state non-member bank, individually, as a Lender hereunder and as co-syndication agent ("Co-Syndication Agent").

STATEMENT OF THE TRANSACTION. Capitalized terms used in this statement of the transaction shall have the meanings ascribed to such terms in Annex One. Borrowers have applied to WBCC for financing to retire the Existing Loans, to pay closing costs associated herewith, and to supplement its working capital needs on an ongoing basis. WBCC, as a Lender hereunder and as Agent for itself and each other Lender Party, and each other Person from time to time party hereto as a Lender, has agreed to provide this financing, subject, however, to the terms, covenants and conditions hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and undertakings herein contained, Loan Parties, Lenders and Agent, each intending to be legally bound hereby, hereby covenant and agree as follows:

1. DEFINITIONS.

1.1 Accounting Terms. As used in this Agreement, any Note, or any certificate, report or Other Document, accounting terms not defined in Annex One, Annex Two or elsewhere in this Agreement and accounting terms partly defined in Annex One or Annex Two (to the extent not defined) shall have the respective meanings given to them under GAAP; provided, however, whenever such accounting terms are used for the purposes of determining compliance with financial covenants in this Agreement, such accounting terms shall be defined in accordance with GAAP as applied in preparation of the Historical Financial Statements. Certain other definitions which are used in the calculation of the Financial Covenants are set forth in Section 8.1.

1.2 General Terms. Certain other terms which are capitalized hereinbelow, but not expressly defined hereinbelow, shall have the meanings given to such terms in Annex One and in Annex Two, Part II.

1.3 Uniform Commercial Code Terms. All terms used herein and defined in the Uniform Commercial Code shall have the meanings given them therein unless otherwise defined herein. Without limitation of the foregoing, the terms “accounts,” “chattel paper,” “instruments,” “general intangibles,” “payment intangibles,” “commercial tort claims,” “securities,” “investment property,” “documents,” “supporting obligations,” “deposit accounts,” “payment intangibles,” “software,” “security entitlements,” “letter of credit rights,” “inventory,” “equipment” and “fixtures,” as and when used in the description of Collateral, shall have the meanings given to such terms in Articles 8 or 9 (as applicable) of the Uniform Commercial Code.

2. ADVANCES, PAYMENTS.

2.1 Revolving Advances. Subject to the terms and conditions set forth in this Agreement, each Lender, severally and not jointly, will make Revolving Advances available to Borrowers in aggregate amounts outstanding at any time equal to such Lender’s Revolving Commitment Percentage of the lesser of (i) the Maximum Revolving Amount, or (ii) the Borrowing Base, provided that in no event shall the obligation of any Lender to make Revolving Advances exceed such Lender’s Revolving Commitment. The Revolving Advances shall be evidenced by one or more secured promissory notes issued to each Lender in a principal amount equal to such Lender’s Revolving Commitment (the “Revolving Credit Notes”), substantially in the form attached hereto as Exhibit 2.1.

2.2 Procedure for Borrowing. To request a Revolving Advance hereunder, Borrower Representative on behalf of each Borrower shall notify Agent of such request pursuant to a Notice of Borrowing substantially in the form of Exhibit 2.2 (each a “Notice of Borrowing”) delivered not later than 11:00 a.m. one (1) Business Day prior to the requested Funding Date. Each Notice of Borrowing shall (1) specify the requested Funding Date (which shall be a Business Day), (2) specify the principal amount of such Revolving Advance, (3) attach a Mortgage Loan Schedule identifying the Eligible Mortgage Loans that the Borrowers propose to pledge to the Agent and to be included in the Borrowing Base in connection with such borrowing, and (4) be accompanied by all of the documents described in, and otherwise be subject to the full satisfaction of the Funding Requirements. A Revolving Advance can be requested in any amount. Should any amount required to be paid as interest hereunder, or as fees or other charges under this Agreement or any Other Document with any Lender Party, or with respect to any other Obligation, become due, the same shall be deemed a request for a Revolving Advance as of the date such payment is due, in the amount required to pay in full such interest, fee, charge or Obligation under this Agreement or any Other Document with any Lender Party, and such request shall be irrevocable. Agent shall cause the proceeds of such Revolving Advance to be paid to such Person.

2.3 Disbursement of Advance Proceeds. All Revolving Advances shall be disbursed from whichever office or other place Agent may designate from time to time and, together with any and all other Obligations of Borrowers to Agent or Lenders, shall be charged to Borrowers Account on Agent’s books. During the Term, Borrowers may use the Revolving Advances by borrowing, prepaying and reborrowing, all in accordance with the terms and conditions hereof. The proceeds of each Revolving Advance requested by Borrowers or deemed to have been requested by Borrowers under Section 2.2(a) hereof shall, with respect to requested Revolving Advances to the extent Lenders make such Revolving Advances, be made available to the applicable Borrower on the day so requested by way of credit to such Borrower’s operating account at the Bank or such other bank as Borrower Representative may designate following notification to Agent, in immediately available federal funds or other immediately available funds or, with respect to Revolving Advances deemed to have been requested by any Borrower, be disbursed to Agent to be applied to the outstanding Obligations giving rise to such deemed request.

2 . 4 Maximum Revolving Advances. The aggregate balance of all Revolving Advances outstanding at any time shall not exceed the lesser of (a) the Maximum Revolving Amount or (b) the Borrowing Base.

2.5 Repayment of Revolving Advances.

(a) All Revolving Advances shall be due and payable in full on the last day of the Term, subject to earlier prepayment, in whole or in part, as provided in this Agreement or in any Other Document.

(b) All payments of principal, interest, fees and other amounts payable hereunder, or under any of the Other Documents shall be made to Agent at the Payment Office not later than 4:00 p.m. (New York time) on the due date therefor in lawful money of the United States of America in federal funds or other funds immediately available to Agent. Agent shall have the right to effectuate payment on any and all Obligations due and owing hereunder by charging Borrowers' Account or by making Revolving Advances as provided in Section 2.2(a) hereof.

(c) Borrowers shall be obliged to pay principal, interest, fees and all other amounts payable hereunder, or under any Other Documents as and when due, without any deduction whatsoever, including, but not limited to, any deduction for any setoff or counterclaim.

2 . 6 Repayment of Overadvances. The aggregate balance of Revolving Advances outstanding at any time in excess of the maximum amount of Revolving Advances permitted to be outstanding at any time hereunder (herein "Overadvances"), shall be immediately due and payable without the necessity of any demand, at the Payment Office, whether or not a Default or Event of Default has occurred.

2.7 Statement of Account. Agent shall maintain, in accordance with its customary procedures, a loan account ("Borrowers' Account") in the name of Borrowers in which shall be recorded the date and amount of each Revolving Advance made by Agent or Lenders and the date and amount of each payment in respect thereof; provided, however, that the failure by Agent to record the date and amount of any Revolving Advance shall not adversely affect Agent or any Lender. Each month, Agent shall send to Borrower Representative a statement showing the accounting for the Revolving Advances made, payments made or credited in respect thereof, and other transactions between Agent, Lenders and Borrowers, during such month. The monthly statements shall be deemed correct and binding upon Borrowers in the absence of manifest error and shall constitute an account stated between Agent, Lenders and Borrowers unless Agent receives a written statement of Borrowers' specific exceptions thereto within thirty (30) days after such statement is received by Borrower Representative.

2.8 Additional Payments. Any sums expended by Agent or any Lender due to any Borrower's failure to perform or comply with its obligations under this Agreement or any Other Document, may be charged to Borrowers' Account as a Revolving Advance and added to the Obligations.

2.9 Manner of Borrowing and Payment; Settlements.

(a) Each borrowing of Revolving Advances requested and made shall be advanced according to the Revolving Commitment Percentages of Lenders having Revolving Commitments in regard thereto (subject to any contrary provisions of Section 2.12). Each payment (including each prepayment) by Borrowers to Agent on account of the principal of the Revolving Advances shall be applied by Agent to the Revolving Advances pro rata according to the Revolving Commitment Percentages of Lenders having Revolving Commitments in regard thereto (subject to any contrary provisions of Section 2.12). Except as otherwise may be expressly provided herein, all payments (including prepayments) to be made by Borrowers on account of principal, interest and fees shall be made to Agent on behalf of the Lenders at the Payment Office, in each case on or prior to 4:00 p.m., in Dollars and in immediately available funds.

(b) Promptly after receipt by Agent of a request or deemed request for a Revolving Advance pursuant to Section 2.2, Agent shall notify Lenders holding Revolving Commitments of its receipt of such requests specifying the information provided by Borrower Representative and the apportionment among Lenders of the requested Revolving Advance as determined by Agent in accordance with the terms hereof. Each Lender shall remit the principal amount of each Revolving Advance to Agent such that Agent is able to, and Agent shall, to the extent the applicable Lenders have made funds available to it for such purpose and, subject to Section 9.2, fund such Revolving Advance to Borrowers in U.S. Dollars and in immediately available funds at the Payment Office prior to the close of business, on the applicable Funding Date; provided that if any applicable Lender fails to remit such funds to Agent in a timely manner, Agent may elect in its sole discretion to fund with its own funds the Revolving Advance of such Lender on such Funding Date, and such Lender shall be subject to the repayment obligation in Section 2.9(c).

(c) If any Lender or Participant (for purposes of this section, a "benefited Lender") shall at any time receive any payment of all or part of its Revolving Advances, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily or by set-off) in a greater proportion than any such payment to and Collateral received by any other Lender having the same Revolving Commitment Percentage, if any, in respect of such other Lender's Revolving Advances, or interest thereon, and such greater proportionate payment or receipt of Collateral is not expressly permitted hereunder, such benefited Lender shall purchase for cash from such other Lender(s) a participation in such portion of each such other Lender's Revolving Advances, or shall provide such other Lender(s) with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with such other Lender(s); provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned by the Lender(s) receiving same to the extent of such recovery, but without interest. Each benefited Lender so purchasing a portion of another Lender's Revolving Advances may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(d) Unless Agent shall have been notified by telephone, confirmed in writing, by any Lender having a Revolving Commitment that such Lender will not make the amount which would constitute its applicable Revolving Commitment Percentage of Revolving Advances available to Agent, Agent may (but shall not be obligated to) assume that such Lender shall make such amount available to Agent on the next Settlement Date and, in reliance upon such assumption, make available to Borrowers a corresponding amount. Agent will promptly notify Borrowers of its receipt of any such notice from a Lender. Notwithstanding anything to the contrary contained in Section 2.3 and Section 2.9 of this Agreement, each borrowing of Revolving Advances shall be advanced by Agent and each payment by Borrowers on account of Revolving Advances shall be applied, first, to those Revolving Advances (as the case may be) advanced by Agent, but solely to the extent Agent has not already been reimbursed by the Lenders for such Revolving Advance in accordance with the provisions of this Section 2.9. On or before 1:00 P.M., on each Settlement Date commencing with the first Settlement Date following the Closing Date, Agent and Lenders having Revolving Commitments shall make certain payments as follows: with respect to Revolving Advances (A) if the aggregate amount of new Revolving Advances, if any, made by Agent during the preceding Week exceeds the aggregate amount of repayments applied to outstanding Revolving Advances during such preceding Week, then each such Lender shall provide Agent with funds in an amount equal to its applicable Revolving Commitment Percentage of the difference between (1) such Revolving Advances and (2) such repayments and (B) if the aggregate amount of repayments applied to outstanding Revolving Advances during such Week exceeds the aggregate amount of new Revolving Advances made during such Week, then Agent shall provide each such Lender with funds in an amount equal to its applicable Revolving Commitment Percentage of the difference between (1) such repayments and (2) such Revolving Advances. Each such Lender shall be entitled to earn interest on outstanding Revolving Advances which it has funded at the Revolving Interest Rate from the Funding Date until the date such Revolving Advances or paid or deemed paid by the Borrowers pursuant to Section 2.5(b). Agent shall submit to each such Lender a certificate with respect to payments received and Revolving Advances made during the Week immediately preceding such Settlement Date. Such certificate of Agent shall be conclusive in the absence of manifest error. If such amount is made available to Agent on a date after such next Settlement Date, such Lender shall pay to Agent on demand an amount equal to the product of (i) the daily average Federal Funds Rate (computed on the basis of a year of 360 days) during such period as quoted by Agent, times (ii) such amount, times and (iii) the number of days from and including such Settlement Date to the date on which such amount becomes immediately available to Agent. A certificate of Agent submitted to any Lender with respect to any amounts owing hereunder shall be conclusive, in the absence of manifest error. If such amount is not in fact made available to Agent by such Lender within three (3) Business Days after such Settlement Date, Agent shall be entitled to recover such an amount, with interest thereon at the Revolving Interest Rate, on demand from Borrowers; provided, however, that Agent's right to such recovery shall not prejudice or otherwise adversely affect Borrowers' rights (if any) against such Lender. As used herein, (i) "Settlement Date" means the first Business Day of each calendar week, and (ii) "Week" means a time period beginning with the opening of business on a Wednesday and ending at the end of business on the following Tuesday; or, in each case, such other date and time as Agent and such Lenders may agree from time to time.

2.10 Mandatory Prepayments.

(a) Upon receipt of any payment of principal (including payment in full of any Eligible Mortgage Loan) of any Eligible Mortgage Loan, such payment shall promptly be remitted to Agent, for the ratable benefit of the Lenders, as a payment of outstanding Revolving Advances.

(b) Whenever any Loan Party or any Subsidiary of any Loan Party either (i) issues any Equity Interests for cash, or (ii) incurs any Indebtedness not otherwise expressly permitted in Section 7.9, or (iii) sells or otherwise disposes of any Collateral, or (iv) suffers an insured loss in respect of any Collateral, or (v) obtains any Extraordinary Receipts, then, except as otherwise provided in Section 4.11 in respect of clause (iv) above, Loan Parties shall, except as set forth in (a) above, repay the Revolving Advances in an amount equal to the net proceeds derived therefrom; i.e., gross proceeds thereof less any reasonable costs incurred by such Loan Party in connection with the receipt of such proceeds, such prepayments to be made promptly but in no event more than one (1) Business Day following receipt of such net proceeds, and until the date of payment, such proceeds shall be held in trust for Agent and Lenders. The foregoing shall not be deemed to be an implied consent to any such issuance, incurrence sale or disposition otherwise prohibited by the terms and conditions hereof. Such proceeds shall be applied to the Revolving Advances in such order as Agent may determine (but subject to Section 12.2), without reduction, however, in Borrower's ability to reborrow Revolving Advances in accordance with the terms hereof. Notwithstanding the foregoing, unless and until a Default or Event of Default has occurred and is continuing, Loan Parties may sell or otherwise dispose of Collateral not to exceed, in aggregate fair market value, the Materiality Threshold in the aggregate, in any Fiscal Year and retain such net proceeds solely to acquire replacement Collateral without making a mandatory prepayment hereunder so long as (A) the fair market value of the acquired Collateral is equal to or greater than the fair market value of the Collateral which was sold, (B) the acquired Collateral is purchased by such Loan Party within ninety (90) days before or after the date of the sale of the Collateral, (C) the proceeds of such sale are remitted to Agent to be held by Agent for the ratable benefit of the Lenders, as security for the payment of the Obligations until the replacement Collateral is acquired, (D) the acquired Collateral shall be deemed to be acceptable Collateral by Agent in its Permitted Discretion and (E) the acquired Collateral shall be subject to Agent's first priority security interest created hereunder, subject only to Permitted Encumbrances. If any Loan Party fails to meet any of the conditions set forth above, such Loan Party hereby authorizes Agent to apply the proceeds held by Agent as a prepayment of the Revolving Advances in the manner set forth above.

2.11 Use of Proceeds. Borrowers shall apply the proceeds of (i) any Revolving Advances made on the Closing Date to pay closing costs and expenses associated with this transaction and to refinance or repay in their entirety any Existing Loans and (ii) Revolving Advances made on and after the Closing Date to provide for their respective working capital needs and to fund loans by Borrowers to its Mortgagor Customers for the purchase or refinance of Mortgaged Property.

2.12 Defaulting Lender.

(a) Notwithstanding anything to the contrary contained herein, in the event any Lender is a Defaulting Lender, all rights and obligations hereunder of such Defaulting Lender and of the other parties hereto shall be modified to the extent of the express provisions of this Section 2.12 so long as such Lender is a Defaulting Lender.

(b) (i) Except as otherwise expressly provided for in this Section 2.12, Revolving Advances shall be made pro rata from Lenders holding Revolving Commitments which are not Defaulting Lenders based on their respective Revolving Commitment Percentages, and no Revolving Commitment Percentage of any Lender or any pro rata share of any Revolving Advances required to be advanced by any Lender shall be increased as a result of any Lender being a Defaulting Lender. Amounts received in respect of principal of Revolving Advances shall be applied to reduce such Revolving Advances of each Lender (other than any Defaulting Lender) holding a Revolving Commitment in accordance with their Revolving Commitment Percentages; provided, that, Agent shall not be obligated to transfer to a Defaulting Lender any payments received by Agent for Defaulting Lender's benefit, nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder (including any principal, interest or fees). Amounts payable to a Defaulting Lender shall instead be paid to or retained by Agent. Agent may hold and, in its discretion, re-lend to a Borrower the amount of such payments received or retained by it for the account of such Defaulting Lender.

(ii) Fees pursuant to Section 3.3 hereof shall cease to accrue in favor of such Defaulting Lender.

(c) A Defaulting Lender shall not be entitled to give instructions to Agent or to approve, disapprove, consent to or vote on any matters relating to this Agreement and the Other Documents, and all amendments, waivers and other modifications of this Agreement and the Other Documents may be made without regard to a Defaulting Lender and, for purposes of the definition of "Required Lenders", a Defaulting Lender shall not be deemed to be a Lender, to have any outstanding Revolving Advances or a Revolving Commitment Percentage.

(d) Other than as expressly set forth in this Section 2.12, the rights and obligations of a Defaulting Lender (including the obligation to indemnify Agent) and the other parties hereto shall remain unchanged. Nothing in this Section 2.12 shall be deemed to release any Defaulting Lender from its obligations under this Agreement and the Other Documents, shall alter such obligations, shall operate as a waiver of any default by such Defaulting Lender hereunder, or shall prejudice any rights which any Borrower, Agent or any Lender may have against any Defaulting Lender as a result of any default by such Defaulting Lender hereunder.

(e) In the event that Agent and Borrowers agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then Agent will so notify the parties hereto, and, if such cured Defaulting Lender is a Lender holding a Revolving Commitment, then on such date such Lender shall purchase at par such of the Revolving Advances of the other Lenders as Agent shall determine may be necessary in order for such Lender to hold such Revolving Advances in accordance with its Revolving Commitment Percentage.

3. INTEREST AND FEES.

3.1 Interest. Interest on Revolving Advances shall be payable to Agent for the account of Lenders in arrears on the first day of each month, commencing on the first day of the calendar month immediately following the Closing Date. Interest charges shall be computed on the actual principal amount of Revolving Advances outstanding during the month (the "Monthly Advances") at a rate per annum equal to the Revolving Interest Rate. Whenever, subsequent to the date of this Agreement, the Daily LIBOR Rate is increased or decreased, the Revolving Interest Rate shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the Daily LIBOR Rate during the time such change or changes remain in effect. The Daily LIBOR Rate shall be adjusted with respect to Daily LIBOR Rate Loans without notice or demand of any kind on the effective date of any change in the Reserve Percentage as of such effective date. Upon and after the occurrence of an Event of Default, and during the continuation thereof, the Obligations shall bear interest at the otherwise applicable Revolving Interest Rate plus an additional two (2%) percent per annum (as applicable, the "Default Rate").

3.2 Fee Letter. Borrower shall pay the amounts required to be paid in the Fee Letter in the manner and at the times required therein.

3.3 Unused Line. If, for any calendar month (or portion thereof) during the Term, the average daily unpaid balance of Revolving Advances outstanding for each day of such monthly period does not equal the Maximum Revolving Amount as in effect on the first day of such monthly period, then Borrowers shall pay to Agent for the ratable benefit of Lenders a fully earned, nonrefundable fee equal to three eighths of one percent (0.375%) per annum on the amount by which the Maximum Revolving Amount exceeds such average daily unpaid balance of outstanding Revolving Advances for such monthly period. Such fee shall be due and payable monthly in arrears, commencing on the first day of the first calendar month following the Signing Date, and continuing thereafter on the first day of each succeeding calendar month through the end of the Term.

3.4 [Reserved].

3.5 [Reserved].

3.6 Computation of Interest and Fees. Interest and per annum fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the applicable Revolving Interest Rate during such extension; provided, however, that the foregoing extension shall not be considered when determining Borrowers' ongoing compliance with Financial Covenants that concern or include scheduled principal payments within specified dates.

3.7 Maximum Charges. In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under law, such excess amount shall be first applied to any unpaid principal balance owed by Borrowers, and if the then remaining excess amount is greater than the previously unpaid principal balance, the affected Lender or Lenders shall promptly refund such excess amount to Borrowers and the provisions hereof shall be deemed amended to provide for such permissible rate.

3.8 Increased Costs. If any applicable law, treaty or governmental regulation or any Change in Law shall:

(a) subject any Lender (which for purposes of this Section 3.8 shall include Agent, such Lender, any other Lender Party and any corporation or bank controlling such Lender) to any tax of any kind whatsoever with respect to its entering into this Agreement or any Other Document, or making any financial accommodations to Borrowers hereunder or thereunder, or change the basis of taxation of payments to such Lender of principal, fees, interest or any other amount payable hereunder or under any Other Documents (except in each case, any tax or other Charges imposed on such Lender by any jurisdiction in which such Lender does business and any tax imposed on such Lender as of the date hereof (together, "Excluded Taxes")); or

(b) impose, modify or hold applicable any reserve, special deposit, assessment or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of any Lender, including (without limitation) pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on any Lender or the London interbank Eurodollar market any other condition with respect to this Agreement or any Other Document;

and the result of any of the foregoing is to increase the cost to any Lender making, converting to, continuing, renewing or maintaining its Revolving Advances hereunder by an amount that such Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Revolving Advances by an amount that such Lender deems to be material, then, in any such case; Loan Parties shall promptly pay such Lender, upon its demand, such additional amount as will compensate such Lender for such additional cost or such reduction, as the case may be, provided that the foregoing shall not apply to increased costs which are reflected in the Daily LIBOR Rate. The applicable Lender shall certify the amount of such additional cost or reduced amount to Loan Parties, and such certification shall be conclusive absent manifest error.

3 . 9 Capital Adequacy. In the event that any Lender shall have determined that any applicable law, rule, regulation or guideline or any Change in Law regarding capital adequacy or compliance by such Lender (for purposes of this Section 3.9, the term "Lender" shall include Agent, such Lender, any other Lender Party and any corporation or bank controlling such Person) and the office or branch where any Lender (as so defined) makes or maintains any Revolving Advances with any request or directive regarding capital adequacy (whether or not having the force of law) has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such Change in Law (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then, from time to time, Loan Parties shall pay upon demand to such Lender such additional amount or amounts as will compensate such Lender for such reduction. In determining such amount or amounts, such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.9 shall be available to each Lender regardless of any possible contention of invalidity or inapplicability with respect to the applicable law, regulation or condition. A certificate of each affected Lender setting forth such amount or amounts as shall be necessary to compensate such Lender with respect to this Section 3.9 when delivered to Borrower Representative shall be conclusive absent manifest error.

3.10 Yield Maintenance. In the event that any Lender (which, for purposes of this Section 3.10 shall include Agent, any Lender, any other Lender Party and any other corporation or bank controlling such Person) shall determine, in its Permitted Discretion, at any time or from time to time hereafter, that the Daily LIBOR Rate component of the Revolving Interest Rate charged on any Revolving Advance outstanding does not adequately and fairly reflect the cost to such Lender of maintaining such Revolving Advance by an amount that such Lender determines, in its Permitted Discretion, to be reasonable in light of prevailing market conditions, then, such Lender shall have the right to assess and collect an interest surcharge (the "Yield Surcharge") that Lender, in its Permitted Discretion, determines to be sufficient in an amount to compensate such Lender for its loss of yield, by giving notice to the Borrower Representative to such effect. Each Lender may use reasonable attribution and averaging methods in determining the amount of the Yield Surcharge. Such Yield Surcharge shall be billed and collected monthly by Agent as additional interest on each such Revolving Advance as provided in Section 3.1.

3.11 Delay in Requests. Each Lender shall use its reasonable commercial efforts to notify the Borrower Representative if it believes, in its Permitted Discretion, that it may require compensation from the Borrowers under Sections 3.8, 3.9 or 3.10; provided, however, that failure or delay on the part of any Lender to demand compensation pursuant to such sections shall not constitute a waiver of such Lender's right to demand such compensation; and provided further that the Borrowers shall not be obligated to pay any such amount which arose more than one hundred eighty (180) days prior to the date of such demand or is attributable to periods more than one hundred eighty (180) days prior to the date of such demand except where the Change in Law or event giving rise to such increased costs or reductions is retroactive, then each 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

4. COLLATERAL; GENERAL TERMS.

4.1 Security Interest in the Collateral. To secure the prompt payment and performance to each Lender Party of all Obligations, each Loan Party hereby assigns, pledges and grants to Agent, as agent for the ratable benefit of each Lender Party, a continuing security interest in and to all of its Collateral, whether now owned or existing or hereafter acquired or arising and wheresoever located. Each Loan Party shall mark its books and records as may be necessary or appropriate to evidence, protect and perfect Agent's security interest in the Collateral.

4.2 Perfection of Security Interest.

(a) Loan Parties shall take all action that may be necessary or desirable, or that Agent may reasonably request, so as at all times to maintain the validity, perfection, enforceability and priority of Agent's security interest in the Collateral or to enable Agent to protect, exercise or enforce its rights hereunder and in the Collateral, including, but not limited to, (i) immediately discharging all Liens other than Permitted Encumbrances, (ii) obtaining landlords', warehouse operators', bailees' or mortgagees' lien waivers and related agreements, (iii) delivering to Agent, endorsed or accompanied by such instruments of assignment as Agent may specify, including without limitation compliance with all Funding Requirements, and stamping or marking, in such manner as Agent may specify, any and all chattel paper, instruments, letters of credit and advices thereof and documents evidencing or forming a part of the Collateral, (iv) entering into warehousing, lockbox and other custodial arrangements satisfactory to Agent, (v) executing (as appropriate) and delivering authorizations for the recording of financing statements, instruments of pledge, mortgages, notices and assignments, in each case in form and substance satisfactory to Agent, relating to the creation, validity, perfection, maintenance or continuation of Agent's security interest under the Uniform Commercial Code or other applicable law, including without limitation compliance with all Funding Requirements; (vi) obtaining acknowledgments, in form and substance satisfactory to Agent, from any bailee having possession of any Collateral at any time, stating that the bailee holds such Collateral on behalf of Agent, (vii) obtaining "control" of any investment property, deposit account, letter-of-credit right or electronic chattel paper (the term "control" as used in respect of the foregoing types of Collateral having the meaning set forth in Articles 8 and 9 of the UCC), with any agreements establishing such "control" to be in form and substance satisfactory to Agent, (viii) if a Loan Party at any time has or acquires a commercial tort claim, such Loan Party shall promptly notify Agent thereof, in writing, and grant a specific Collateral Assignment of such claim to Agent as additional Collateral and (ix) Loan Parties shall endorse and deliver to Agent any and all promissory notes payable to any Loan Party, as and when executed by any Mortgagor Customer (or, in lieu of such endorsement, an allonge executed by a Loan Party with respect thereto in form and substance satisfactory to Agent) together with not-recorded but recordable assignments of any and all mortgages (other than Mortgages) securing such notes, which may be recorded by Agent on the proper land records at any time in its discretion. Agent shall have the right to record in the applicable land records any Assignment of Mortgage and Collateral Assignment delivered in connection with an Eligible Mortgage Loan in its discretion, regardless of the occurrence of an Event of Default.

(b) Agent is hereby authorized to file financing statements in accordance with the applicable provisions of the UCC, including, without limitation financing statements that describe the Collateral covered thereby as "all personal property", "all assets" or words of similar effect, at any time or from time to time hereafter, in any jurisdiction; and Loan Parties hereby ratify, approve and affirm the filing of any such financing statements heretofore filed by Agent in respect of any Loan Party (including any predecessor-in-interest thereof). All charges, expenses and fees Agent may incur in doing any of the foregoing, and any local taxes relating thereto, shall be charged to Borrowers' Account as a Revolving Advance and added to the Obligations, or, at Agent's option, shall be paid to the Agent immediately upon demand.

(c) No Loan Party has assigned, pledged, or otherwise conveyed or encumbered any Mortgage Loan or other Collateral (other than the Real Property securing the Bankwell Mortgage Loan) to any other Person, and immediately prior to the pledge of such Mortgage Loan or any other Collateral (other than the Real Property securing the Bankwell Mortgage Loan) to Agent, such Loan Party was the sole owner of such Mortgage Loan or such other Collateral and had good and marketable title thereto, free and clear of all Liens, in each case except for Liens to be released simultaneously with the Liens granted in favor of the Agent hereunder and any Permitted Encumbrances. No Mortgage Loan or other Collateral pledged to the Agent hereunder was acquired (by purchase or otherwise) by any Loan Party from an Affiliate of such Loan Party.

(d) The provisions of this Agreement are effective to create in favor of the Agent a valid security interest in all right, title and interest of each Loan Party in, to and under the Collateral.

(e) Upon receipt by the Agent of each Mortgage Note, endorsed in blank by a duly authorized officer of a Loan Party, the Agent shall have a fully perfected first priority security interest therein, in the Mortgage Loan evidenced thereby and in the Loan Party's interest in the related Mortgaged Property.

(f) Upon the filing of financing statements on Form UCC-1 naming the Agent as "Secured Party" and the applicable Loan Party as "Debtor", and describing the Collateral, in the State of New York, the security interests granted hereunder in the Collateral will constitute perfected first priority security interests under the Uniform Commercial Code in all right, title and interest of such Loan Party in, to and under such Collateral to the extent such security interest can be perfected by such filing under the Uniform Commercial Code.

4.3 Disposition of Collateral; Release by Agent.

(a) Each Loan Party will safeguard and protect all Collateral for Agent's general account and make no disposition thereof whether by sale, lease or otherwise except upon payment by any Mortgagor Customer of the entire principal and all accrued and unpaid interest on any loan made by Loan Party to any Mortgagor Customer. Subject to Section 7.22 hereof, at such time as any Loan Party shall advise Agent that it is anticipating payment in full by or on behalf of any of its Mortgagor Customers of any note payable to any Loan Party (including, without limitation, any Eligible Mortgage Loan), Agent shall promptly forward such note(s) endorsed back to such Loan Party, together with the reassignment to such Loan Party of the related Mortgage File and any collateral securing such note(s). In the event such note(s) is (are) not fully paid by or on behalf of such Mortgagor Customer, within fifteen (15) Business Days after receipt by such Loan Party of such note(s), such Loan Party shall re-endorse to and return to Agent, such note(s), the assignments of mortgages and the balance of the related Mortgage File. Upon (i) termination of this Agreement and payment in full in cash of all the Obligations and (ii) written request by Loan Parties to Agent, Agent agrees to execute and deliver to Loan Parties, at Loan Parties' sole expense, releases of Agent's Collateral Assignments or reassignments to the applicable Loan Party, as appropriate, of the Mortgage Files that have been delivered to Agent, provided that Loan Parties shall provide Agent with the requested forms of releases or reassignments.

(b) If Borrower notifies Agent of its intention to enter into a Permitted Commercial Loan Financing or to transfer Commercial Loans to a Permitted Commercial Loan Subsidiary in anticipation of a Permitted Commercial Loan Financing, then Agent shall promptly (i) forward the applicable Mortgage Notes related to such Commercial Loans endorsed back to the applicable Borrower, together with the reassignment to the applicable Borrower of the related Mortgage File (together with all recordable instruments and documents to release the Lender's lien and encumbrances on the Mortgage Loan) (collectively, the "Commercial Loan Files") and (ii) release its Lien upon the Commercial Loan Files. In the event such Permitted Commercial Loan Financing is not consummated within fifteen (15) Business Days after receipt by such Borrower of such Commercial Loan Files, such Commercial Loan Files shall be re-endorsed to and returned to Agent.

4 . 4 Preservation of Collateral. Following the occurrence of a Default or Event of Default and the demand by Agent for payment of all Obligations due and owing, in addition to the rights and remedies set forth in Section 4.2 and Section 12.1 hereof, Agent: (a) may at any time take such steps as Agent deems necessary to protect Agent's interest in and to preserve the Collateral, including the hiring of such security guards or the placing of other security protection measures as Agent may deem appropriate; (b) may employ and maintain at any Loan Party's premises a custodian who shall have full authority to do all acts necessary to protect Agent's interests in the Collateral; (c) may lease warehouse facilities to which Agent may move all or part of the Collateral; (d) may use any Loan Party's owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; and (e) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any Loan Party's owned or leased property to obtain such Collateral. Each Loan Party shall cooperate fully with all of Agent's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Agent may direct. All of Agent's expenses of preserving the Collateral, including any expenses relating to the bonding of a custodian, shall be charged to Loan Parties' Account as a Revolving Advance and added to the Obligations.

4 . 5 Ownership of Collateral. With respect to the Collateral, at the time the Collateral becomes subject to Agent's security interest: (a) each Loan Party shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest in each and every item of its respective Collateral to Agent; and, except for Permitted Encumbrances the Collateral shall be free and clear of all Liens and encumbrances whatsoever; (b) each document and agreement executed by each Loan Party or delivered to Agent in connection with this Agreement shall be true and correct in all material respects; (c) all signatures and endorsements of each Loan Party that appear on such documents and agreements shall be genuine and each Loan Party shall have full capacity to execute same; and (d) each Loan Party's equipment and inventory shall be located as set forth on Schedule 4.5 or at such other locations within the United States of America as Agent may receive notice of, and approve, from time to time pursuant to Section 10.12 (all such locations herein called, collectively, the "Collateral Locations" and, individually, a "Collateral Location"); and shall not be removed from such Collateral Locations without the prior written consent of Agent, which consent shall not be unreasonably withheld, except for equipment that is moved from one such Collateral Location of a Loan Party to another such Collateral Location of another Loan Party.

4.6 Defense of Agent's and Lenders' Interests. Unless and until (a) payment and performance in full of all of the Obligations and (b) termination of this Agreement, Agent's security interests in the Collateral shall continue in full force and effect. During such period no Loan Party shall, without Agent's prior written consent, pledge, sell, assign, transfer, create or suffer to exist a Lien upon or encumber or allow or suffer to be encumbered in any way except for Permitted Encumbrances, any part of the Collateral. Each Loan Party shall defend Agent's security interest in the Collateral against any and all Persons whatsoever. At any time following a Default or Event of Default, Agent shall have the right to take possession of the indicia of the Collateral and the Collateral in whatever physical form contained, including without limitation: labels, stationery, documents, instruments and advertising materials. If Agent exercises this right to take possession of the Collateral, Loan Parties shall, upon demand, assemble it in the best manner possible and make it available to Agent at a place reasonably convenient to Agent. In addition, with respect to all Collateral, Agent and the Lender Parties shall be entitled to all of the rights and remedies set forth herein and further provided by the Uniform Commercial Code or other applicable law. During any period that an Event of Default exists, each Loan Party shall, and Agent may, at its option, instruct all suppliers, carriers, forwarders, warehouses or others receiving or holding cash, checks, Inventory, documents or instruments in which Agent holds a security interest to deliver same to Agent and/or subject to Agent's order and if they shall come into Loan Party's possession, they, and each of them, shall be held by such Loan Party in trust as Agent's trustee, and Loan Party will immediately deliver them to Agent in their original form together with any necessary endorsement.

4.7 Books and Records. Each Loan Party shall (a) keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs; (b) set up on its books accruals with respect to all taxes, assessments, charges, levies and claims; and (c) on a reasonably current basis set up on its books, from its earnings, allowances against doubtful Receivables, advances and investments and all other proper accruals (including without limitation by reason of enumeration, accruals for premiums, if any, due on required payments and accruals for depreciation, obsolescence, or amortization of properties), which should be set aside from such earnings in connection with its business. All determinations pursuant to this subsection shall be made in accordance with, or as required by, GAAP consistently applied in the opinion of the Accountants.

4.8 Financial and Other Disclosure. Each Loan Party hereby irrevocably authorizes and directs all accountants and auditors employed by such Loan Party at any time during the Term to exhibit and deliver to Agent copies of any of the Loan Parties' financial statements, trial balances or other accounting records of any sort in the accountant's or auditor's possession, and to disclose to Agent any information such accountants may have concerning such Loan Party's financial status and business operations. In respect of the foregoing, Borrower Representative shall execute and deliver to its accountants and auditors employed on the Signing Date and, if such accountants and auditors are changed by Loan Parties subsequent to the Signing Date, a letter directly authorizing them to act in the manner so provided hereinabove when requested by Agent. Each Loan Party hereby authorizes all federal, state and municipal authorities to furnish to Agent copies of reports or examinations relating to such Loan Party, whether made by such Loan Party or otherwise; however, Agent will attempt to obtain such information or materials directly from such Loan Party prior to obtaining such information or materials from such accountants or such authorities.

4.9 Compliance with Laws. Each Loan Party shall comply in all material respects with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official applicable to its respective Collateral or any part thereof or to the operation of such Loan Party's business the non-compliance with which could reasonably be expected to have a Material Adverse Effect on such Loan Party. Each Loan Party may, however, contest or dispute any acts, rules, regulations, orders and directions of those bodies or officials in any reasonable manner, provided that any related Lien is inchoate or stayed and sufficient reserves are established to the reasonable satisfaction of Agent to protect Agent's Lien on or security interest in the Collateral.

4.10 Inspection of Premises; Appraisals.

(a) At all reasonable times, Agent shall have full access to and the right to audit, check, inspect and make abstracts and copies from each Loan Party's books, records, audits, correspondence and all other papers relating to the Collateral and the operation of each Loan Party's business from time to time in Agent's sole credit judgment. Agent may also enter upon any of Loan Party's premises on reasonable notice at any time during business hours and at any other reasonable time, and from time to time, for the purpose of inspecting the Collateral and any and all records pertaining thereto and the operation of such Loan Party's business which, initially is intended by Agent to occur at least quarterly (if not more frequently); provided, however, so long as no Default or Event of Default shall have occurred and be continuing, Agent shall charge Loan Parties for no more than two (2) inspections per calendar year.

(b) At any time that Agent requests, each Loan Party will at its sole expense, provide the Agent with desktop as complete appraisals or updates thereof of the Mortgaged Property from an appraiser selected and engaged by Agent, and prepared on a basis satisfactory to Agent, such desktop as complete appraisals and updates to include, without limitation, information required by applicable law and regulations; provided, however, if no Default or Event of Default shall have occurred and be continuing, only one (1) such appraisal or update per calendar year shall be conducted and shall be prepared on a "drive-by" basis with respect to a representative sampling of all Mortgaged Property satisfactory to Agent; provided, further, that Agent may require desktop as complete appraisals or updates more frequently at its own expense. In the event the value of the Mortgaged Property so determined pursuant to such appraisal is less than required, such that the Revolving Advances are in excess of such Revolving Advances permitted hereunder, then promptly upon Agent's demand for same, Loan Parties shall make mandatory prepayments of their outstanding Revolving Advances as to eliminate the excess Revolving Advances.

4.11 Insurance. Each Loan Party shall bear the full risk of any loss of any nature whatsoever with respect to the Collateral. At each Loan Party's own cost and expense in amounts and with carriers acceptable to Agent, each Loan Party shall (a) keep all its insurable properties and properties in which each Loan Party has an interest, including without limitation all Real Property, insured against the hazards of fire, flood (if any property is in a special flood hazard area and flood insurance is available in such area), sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, as is customary in the case of companies engaged in businesses similar to such Loan Party's including, without limitation, products liability insurance and business interruption insurance; (b) maintain a bond or other surety in such amounts as is customary in the case of companies engaged in businesses similar to such Loan Party insuring against larceny, embezzlement or other criminal misappropriation of insured's officers and employees who may either singly or jointly with others at any time have access to the assets or funds of such Loan Party either directly or through authority to draw upon such funds or to direct generally the disposition of such assets; (c) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others; (d) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which such Loan Party is engaged in business; (e) furnish Agent with (i) copies of all policies and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date and as required, in connection with the Funding Requirements, and (ii) appropriate loss payable endorsements in form and substance satisfactory to Agent, naming Agent as a co-insured and loss payee as its interests may appear with respect to all insurance coverage referred to in clauses (a) and (c) above, to the extent affecting or relating to Collateral and providing (A) that all proceeds thereunder shall be payable to Agent, (B) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy, and (C) that such policy and loss payable clauses may not be cancelled, amended or terminated unless at least thirty (30) days' prior written notice is given to Agent. In the event of any loss thereunder, the carriers named therein hereby are directed by Agent and the applicable Loan Party to make payment for such loss to Agent and not to such Loan Party and Agent jointly. If any insurance losses are paid by check, draft or other instrument payable to any Loan Party and Agent jointly, Agent may endorse such Loan Party's name thereon and do such other things as Agent may deem advisable to reduce the same to cash. Agent is hereby authorized to adjust and compromise claims under insurance coverage referred to in clauses (a) and (b) above. All loss recoveries received by Agent upon any such insurance shall either be paid over to Loan Parties or applied by the Agent as follows: (i) if no Event of Default or Default exists, and the loss recovery so received by Agent is less than or equal to the Materiality Threshold, then Agent shall remit such loss recovery to the Loan Parties; (ii) if no Event of Default or Default exists, and the loss recovery received by Agent is more than the Materiality Threshold, then, Agent shall apply such loss recovery to the Obligations in such order as Agent in its sole discretion shall determine and (iii) if any Event of Default exists, then Agent shall receive and apply such loss recovery to the Obligations in such order as Agent, in its sole discretion, shall determine (but subject to Section 12.2). Any surplus of such proceeds remaining after such application shall be paid by Agent to Loan Parties or applied as may be otherwise required by law. If, however, after application of such proceeds to the Obligations, any "Overadvance" (as defined in Section 2.6) exists, then, Loan Parties shall comply with said Section 2.6 in respect of its elimination. Anything hereinabove to the contrary notwithstanding, Agent shall not be obligated to remit any insurance proceeds to Loan Parties unless Loan Parties shall have provided Agent with evidence reasonably satisfactory to Agent that the insurance proceeds will be used by Loan Parties to repair, replace or restore the insured property which was the subject of the insurable loss. The Collateral at all times shall be maintained in accordance with the requirements of all insurance carriers which provide insurance with respect to the Collateral so that such insurance shall remain in full force and effect. If any Loan Party fails to obtain insurance as hereinabove provided, or to keep the same in force, Agent, if Agent so elects, may obtain such insurance and pay the premium therefor for Loan Parties' Account, and charge Borrowers' Account therefor and such expenses so paid shall be part of the Obligations. Without limitation of the foregoing, if as of the Signing Date or at any time thereafter Agent determines that all or a portion of the improvements situated on any Real Property constituting Collateral are located within an area designated by the Federal Emergency Management Agency or the Flood Disaster Protection Act of 1973 (P.L. 93-234) as being in a "special flood hazard area," whether now or at any time hereafter, Loan Parties shall also furnish Agent with flood insurance policies which conform to the requirements of said Flood Disaster Protection Act of 1973 and the National Flood Insurance Act of 1968, as either may be amended from time to time. The amounts of such insurance coverages shall be in an amount equal to the lesser of (a) the maximum permitted coverage or (b) the full insurable value and shall be maintained thereafter at all times in an amount such that Agent will not be deemed a co-insurer under applicable insurance laws, regulations, policies or practices. Renewals of such policies shall be so delivered at least thirty (30) days before any such insurance shall expire. If Loan Parties shall fail to provide any such insurance, or shall fail to replace any of the same within five (5) Business Days after being notified that the insuring company is no longer approved by Agent, or if any such insurance is cancelled or lapses without replacement, Agent may, at its option, procure the same in such amounts as are required hereunder, and the actual cost thereof may, at Agent's option, be charged as a Revolving Advance to Borrowers' Account immediately upon incurrence or at any time thereof.

4.12 Payment of Taxes. Each Loan Party will pay, when due, all taxes, assessments and other Charges lawfully levied or assessed upon such Loan Party or any of the Collateral including, without limitation, real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any Loan Party and Agent which Agent may be required to withhold or pay or if any taxes, assessments, or other Charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Agent's reasonable opinion, may possibly create a valid Lien on the Collateral, Agent may, unless the Loan Parties have done so within five (5) Business Days after the Borrower Representative receives written notice from the Agent that they do so, pay the taxes, assessments or other Charges and each Loan Party hereby indemnifies and holds Agent and each Agent harmless in respect thereof. Agent will not pay any taxes, assessments or Charges to the extent that any Loan Party has contested or disputed those taxes, assessments or Charges in good faith, by expeditious protest, administrative or judicial appeal or similar proceeding provided that any related tax lien is stayed and sufficient reserves are established to the reasonable satisfaction of Agent to protect Agent's security interest in or Lien on the Collateral. The amount of any payment by Agent under this Section shall be charged to Borrowers' Account as a Revolving Advance and added to the Obligations and, until Loan Parties shall furnish Agent with an indemnity therefor (or supply Agent with evidence satisfactory to Agent that due provision for the payment thereof has been made), Agent may hold without interest any balance standing to Loan Parties' credit and Agent shall retain its security interest in any and all Collateral held by Agent.

4.13 Payment of Leasehold Obligations. Each Loan Party shall at all times pay, when and as due, its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect and, at Agent's request, will provide evidence of having done so.

4.14 Receivables.

(a) Each of the Receivables shall be a bona fide and valid account representing a bona fide indebtedness incurred by the Mortgagor Customer therein named, for a fixed sum as set forth in the invoice relating thereto (provided immaterial or unintentional invoice errors shall not be deemed to be a breach hereof) with respect to a loan made by Loan Party to such Mortgagor Customer or an absolute sale or lease and delivery of goods upon stated terms of a Loan Party, or work, labor or services theretofore rendered by a Loan Party as of the date each Receivable is created. Same shall be due and owing in accordance with the applicable Loan Party's standard terms of sale without dispute, setoff or counterclaim except as may be stated on the accounts receivable schedules delivered by Loan Parties to Agent.

(b) Each Mortgagor Customer, to the best of each Loan Party's knowledge, as of the date each Receivable is created, is and will be solvent and able to pay all Receivables on which the Mortgagor Customer is obligated in full when due or with respect to such Mortgagor Customers of any Loan Party who are not solvent such Loan Party has set up on its books and in its financial records bad debt reserves adequate to cover such Receivables.

(c) Each Loan Party's chief executive office is located at the address set forth on Schedule 4.14(c) hereto. Until written notice is given to Agent by Borrower Representative of any other office at which any Loan Party keeps its records pertaining to Receivables, all such records shall be kept at such executive office.

(d) On the Closing Date, each Loan Party shall have established one or more check scanners with Agent ("Scanners") which shall be used for the sole and exclusive purpose of concentrating the collection of all remittances on Receivables and proceeds of other Collateral. All remittances confirmed by Scanners, once established, shall be transferred on a daily basis to the Concentration Account by wire transfer of immediately available funds in a manner satisfactory to Agent.

(e) In addition to the requirements set forth in subsection (d) above, from and after the Closing Date: Loan Parties shall establish and maintain one or more additional Deposit Accounts of Loan Parties as blocked accounts ("Blocked Accounts" or a "Blocked Account") pursuant to one or more agreements (collectively, "Blocked Account Agreements" or a "Blocked Account Agreement") with Bank or any other financial institution as is acceptable to Agent (collectively, "Blocked Account Banks" or a "Blocked Account Bank") into which Loan Parties and Mortgagor Customers shall remit all payments on Receivables and other proceeds of Collateral. All amounts on deposit in a Blocked Account shall be transferred on a daily basis to the Concentration Account by wire transfer of immediately available funds in a manner satisfactory to Agent. Unless otherwise agreed to by Agent, each Blocked Account Bank shall acknowledge and agree pursuant to its respective Blocked Account Agreement that all payments and deposits made to its Blocked Account are the sole and exclusive property of Agent; for the benefit of itself and each other Lender Party; that such Blocked Account Bank has no right to set off against its Blocked Account except as expressly provided on its Blocked Account Agreement; that such Blocked Account Bank will wire transfer immediately available funds in a manner satisfactory to Agent all funds deposited in the Blocked Account to the Concentration Account (or another account designed by Agent) on a daily basis as soon as such funds are collected. Each Loan Party agrees that all payments, whether by cash, check, wire transfer or other instruments of deposit in each Blocked Account shall be the sole and exclusive property of Agent, for the benefit of itself and each other Lender Party, and that Loan Parties shall not have any right, title or interest therein or in any Blocked Account. None of the Bank, Agent or any Lender Party assumes any responsibility for such Blocked Account or Concentration Account (unless such Person shall also be the applicable Blocked Account Bank or Concentration Bank and in such event only as set forth in the applicable Blocked Account Agreement applicable thereto), including without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by any bank thereunder. Loan Parties shall remit directly all payments constituting proceeds of Collateral to an applicable Blocked Account in the form received. All such payments, whether by cash, check, wire transfer or other instrument, made to each Blocked Account, shall be the exclusive property of the Agent, for the benefit of itself, the Bank, and each other Lender Party, and the Loan Parties shall not have any right, title or interest therein. Loan Parties shall not, without obtaining the prior consent of the Agent, establish any accounts, other than the Blocked Accounts and the Concentration Account, pursuant to which payments on account of Receivables are made to or on behalf of any of the Loan Parties. Loan Parties shall not modify in any respect, without the prior written consent of Agent, any Blocked Account Agreement or any other arrangement relating to any Blocked Account.

(f) In addition to the requirements set forth in subsections (d) and (e) above, Loan Parties shall cause all Deposit Accounts (other than any Deposit Accounts constituting a Blocked Account) existing on the Closing Date or subsequently (with Agent's approval) coming into existence (each such Deposit Account, other than a Blocked Account, herein, a "Pledged Account") to be made the subject of a tri-party agreement among such Loan Party, the bank having such Pledged Account and Agent, to be in form and substance reasonably satisfactory to Agent (a "Pledged Account Agreement"), pursuant to which the pledge of such Pledged Account and all funds on deposit therein to Agent as security for the payment and performance of all Obligations shall be established and confirmed.

(g) All amounts deposited in the Concentration Account from time to time shall be applied to the Obligations upon (i) final collection thereof and (ii) their transfer from the Concentration Bank to the Agent in accordance with this subsection, effective on the Business Day that each such payment is received (such date being called herein the "Application Date"). For purposes of the preceding sentence, the Agent shall be deemed to have received a payment from the Concentration Bank on a particular Business Day only if it receives by wire transfer the same prior to 4:00 p.m. (New York time) on such Business Day or, if received after such time, on the next following Business Day. Agent is not, however, required to credit Borrowers' Account for the amount of any item of payment which is unsatisfactory to Agent and Agent may charge Borrowers' Account for the amount of any item of payment which is returned to Agent unpaid. The Agent shall apply all amounts deposited in the Concentration Account as provided in Section 16.4 or, as applicable, Section 12.2. If sufficient funds are not available to fund all payments then to be made in respect of any Obligations, the available funds being applied with respect to such Obligations shall be allocated to the payment of such Obligations ratably, in such order and manner as Agent shall elect, and Loan Parties shall continue to be liable for any deficiency.

(h) If at any time Agent determines that any funds held in the Blocked Account, the Concentration Account or any Pledged Account are subject to the Lien of any Person, other than the Agent as herein provided, (a) Loan Parties agree, forthwith upon demand by Agent, to pay to Agent as additional funds to be deposited and held in the Concentration Account, an amount equal to the amount of funds subject to such Lien, or (b) if no such payment is made, Agent shall establish sufficient reserves in the amount of such funds.

(i) At any time following the occurrence of an Event of Default or a Default, Agent shall have the right to send notice of the assignment of, and Agent's security interest in, the Receivables to any and all Mortgagor Customers or any third party holding or otherwise concerned with any of the Collateral. Thereafter, Agent shall have the sole right to collect the Receivables, take possession of the Collateral, or both. Agent's actual collection expenses, including, but not limited to, stationery and postage, telephone and telecopy, secretarial and clerical expenses and the salaries of any collection personnel used for collection, may be charged to Borrowers' Account and added to the Obligations.

(j) Agent shall have the right to receive, endorse, assign and/or deliver in the name of Agent or any Loan Party any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and each Loan Party hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. Each Loan Party hereby constitutes Agent or Agent's designee as such Loan Party's attorney with power at any time hereafter (i) to endorse such Loan Party's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral; (ii) to sign such Loan Party's name on any invoice or bill of lading relating to any of the Receivables, drafts against Mortgagor Customers, assignments and verifications of Receivables; (iii) in Agent's Permitted Discretion, to send verifications of Receivables to any Mortgagor Customer; (iv) to sign such Loan Party's name on any documents or instruments deemed necessary or appropriate by Agent to preserve, protect, or perfect Agent's interest in the Collateral and to file same; (v) to prepare, file and sign such Borrower's name on a proof of claim in bankruptcy or similar document against any Mortgagor Customer; and (vi) to do all other acts and things necessary to carry out this Agreement. Following the occurrence of a Default or an Event of Default, and during its continuation, each Loan Party shall hereby constitute Agent or Agent's designee as such Loan Party's attorney with additional power (i) to demand payment of the Receivables; (ii) to enforce payment of the Receivables by legal proceedings or otherwise; (iii) to exercise all of Loan Parties' rights and remedies with respect to the collection of the Receivables and any other Collateral; (iv) to settle, adjust, compromise, extend or renew the Receivables; and (v) to settle, adjust or compromise any legal proceedings brought to collect Receivables. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or of law, unless done willfully or with gross (not mere) negligence; this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid. Agent shall have the right at any time following the occurrence of an Event of Default or Default, to change the address for delivery of mail addressed to any Loan Party to such address as Agent may designate and to receive, open and dispose of all mail addressed to any Loan Party.

(k) Agent shall not, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom, except for any such errors or omissions or delays of any kind determined by a court of competent jurisdiction in a final proceeding to have resulted primarily from Agent's gross (not mere) negligence or willful misconduct. Following the occurrence of an Event of Default or Default, Agent may, without notice or consent from any Loan Party, sue upon or otherwise collect, extend the time of payment of, compromise or settle for cash, credit or upon any terms any of the Receivables or any other securities, instruments or insurance applicable thereto and/or release any obligor thereof. Agent is authorized and empowered to accept following the occurrence of an Event of Default or Default the return of the goods represented by any of the Receivables, without notice to or consent by any Loan Party, all without discharging or in any way affecting any Loan Party's liability hereunder.

(l) No Loan Party will, without Agent's consent, compromise or adjust any material amount of the Receivables (or extend the time for payment thereof) or accept any material returns of merchandise or grant any additional discounts, allowances or credits thereon except for those compromises, adjustments, returns, discounts, credits and allowances as have been heretofore customary in the Ordinary Course of Business of such Loan Party.

4.15 [Reserved].

4.16 [Reserved].

4.17 Exculpation of Liability. Nothing herein contained shall be construed to constitute Agent or any Lender Party as any Loan Party's agent for any purpose whatsoever, nor shall Agent or any Lender Party be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof, except to the extent such shortage, discrepancy, damage, loss or destruction is determined to have resulted primarily from Agent's or any Lender Party's gross negligence or willful misconduct. Neither Agent nor any Lender Party shall, whether by anything herein or in any assignment or otherwise, assume any Loan Party's obligations under any contract or agreement assigned to Agent or such Lender Party, and neither Agent nor any Lender Party shall be responsible in any way for the performance by Loan Parties of any of the terms and conditions thereof.

4.18 Environmental Matters.

(a) Loan Parties shall ensure that the Real Property remains in compliance with all Environmental Laws in all material respects and they shall not place or permit to be placed any Hazardous Substances on any Real Property except as not prohibited by applicable law or appropriate governmental authorities.

(b) Loan Parties shall establish and maintain a system to assure and monitor continued compliance with all applicable Environmental Laws which system shall include periodic reviews of such compliance.

(c) Loan Parties shall (i) employ in connection with the use of the Real Property appropriate technology necessary to maintain material compliance with any applicable Environmental Laws and (ii) dispose of any and all Hazardous Waste generated at the Real Property only at facilities and with carriers that maintain valid permits under RCRA and any other applicable Environmental Laws, except as could not reasonably be expected to have a Material Adverse Effect. Loan Parties shall use their best efforts to obtain certificates of disposal, such as hazardous waste manifest receipts, from all treatment, transport, storage or disposal facilities or operators employed by Loan Parties in connection with the transport or disposal of any Hazardous Waste generated at the Real Property.

(d) In the event any Loan Party obtains, gives or receives notice of any Release or threat of Release of a reportable quantity of any Hazardous Substances at the Real Property (any such event being hereinafter referred to as a "Hazardous Discharge") or receives any notice of violation, request for information or notification that it is potentially responsible for investigation or cleanup of environmental conditions at the Real Property, demand letter or complaint, order, citation, or other written notice with regard to any Hazardous Discharge or violation of Environmental Laws affecting the Real Property or any Loan Party's interest therein (any of the foregoing is referred to herein as an "Environmental Complaint") from any Person, including any state agency responsible in whole or in part for environmental matters in the state in which the Real Property is located or the United States Environmental Protection Agency (any such person or entity hereinafter the "Authority"), then Borrower Representative shall, within five (5) Business Days, give written notice of same to Agent detailing facts and circumstances of which any Loan Party is aware giving rise to the Hazardous Discharge or Environmental Complaint. Such information is to be provided to allow Agent to protect its security interest in the Real Property and is not intended to create nor shall it create any obligation upon Agent with respect thereto.

(e) Loan Parties shall promptly forward to Agent copies of any request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Substances at any other site owned, operated or used by any Loan Party to dispose of Hazardous Substances that could result in a Material Adverse Effect and shall continue to forward copies of correspondence between any Loan Party and the Authority regarding such claims to Agent until the claim is settled. Loan Parties shall promptly forward to Agent copies of all documents and reports concerning a Hazardous Discharge at the Real Property that any Loan Party is required to file under any Environmental Laws. Such information is to be provided solely to allow Agent to protect Agent's security interest in the Real Property and the Collateral.

(f) Loan Parties shall respond promptly to any Hazardous Discharge or Environmental Complaint and take all necessary action in order to safeguard the health of any Person and to avoid subjecting the Collateral or Real Property to any Lien. If any Loan Party shall fail to respond promptly to any Hazardous Discharge or Environmental Complaint or any Loan Party shall fail to comply with any of the requirements of any Environmental Laws in any material respect, within thirty (30) days after the Borrower Representative receives written notice from the Agent that it do so, Agent may, but without the obligation to do so, for the sole purpose of protecting Agent's interest in Collateral: (A) give such notices or (B) enter onto the Real Property (or authorize third parties to enter onto the Real Property) and take such actions as Agent (or such third parties as directed by Agent) deem reasonably necessary or advisable, to clean up, remove, mitigate or otherwise deal with any such Hazardous Discharge or Environmental Complaint. All reasonable costs and expenses incurred by Agent and (or such third parties) in the exercise of any such rights, including any sums paid in connection with any judicial or administrative investigation or proceedings, fines and penalties, together with interest thereon from the date expended at the Default Rate shall be paid upon demand by Loan Parties, and until paid shall be added to and become a part of the Obligations secured by the Liens created by the terms of this Agreement or any Other Document.

(g) Promptly upon the written request of Agent from time to time, which may be made at any time following the discovery of any Hazardous Discharge or the filing of any Environmental Complaint, Loan Parties shall provide Agent, at Loan Parties' expense, with an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable in the reasonable opinion of Agent, to assess with a reasonable degree of certainty the existence of a Hazardous Discharge and the potential costs in connection with abatement, cleanup and removal of any Hazardous Substances found on, under, at or within the Real Property. Any report or investigation of such Hazardous Discharge proposed and acceptable to an appropriate Authority that is charged to oversee the clean-up of such Hazardous Discharge shall be acceptable to Agent. If such estimates, individually or in the aggregate, exceed the Materiality Threshold, Agent shall have the right to require Loan Parties to post a bond, letter of credit or other security reasonably satisfactory to Agent to secure payment of these costs and expenses.

(h) Loan Parties shall defend and indemnify each Lender Party and hold each Lender Party, and its respective employees, agents, directors and officers harmless from and against all loss, liability, damage and expense, claims, costs, fines and penalties, including attorney's fees, suffered or incurred by such Lender Party under or on account of any Environmental Laws, including, without limitation, the assertion of any Lien thereunder, with respect to any Hazardous Discharge, the presence of any Hazardous Substances affecting the Real Property, whether or not the same originates or emerges from the Real Property or any contiguous real estate, including any loss of value of the Real Property as a result of the foregoing except to the extent such loss, liability, damage and expense is attributable to any Hazardous Discharge resulting from actions on the part of a Lender Party. Loan Parties' obligations under this Section shall arise upon the discovery of the presence of any Hazardous Substances at the Real Property, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Substances. Loan Parties' obligation and the indemnifications hereunder shall survive the termination of this Agreement.

4.19 No Other Financing Statements. Except as respects the financing statements filed by Agent and financing statements giving notice of otherwise Permitted Encumbrances, no financing statement covering any of the Collateral or any proceeds thereof is on file in any public office.

4.20 Intellectual Property. Loan Parties shall execute and deliver to Agent for the benefit of all Lender Parties, immediately, either (i) on the Closing Date with respect to any Intellectual Property, registered, or to be registered, with the applicable Governmental Body as of the Closing Date, or (ii) upon the creation or acquisition by Loan Party of Intellectual Property, registered, or to be registered, with the applicable federal Governmental Body subsequent to the Closing Date, security agreements with respect thereto, in registrable form, each in form and substance satisfactory to Agent.

4.21 Mortgages on Mortgaged Property. Loan Parties shall execute and deliver to Agent for the benefit of all Lender Parties, either (i) within thirty (30) days of the Closing Date (or such longer period of time as Agent may agree in its sole discretion), with respect to all Mortgaged Property owned in fee simple by any Mortgagor Customer of an Eligible Mortgage Loan on the Closing Date, or (ii) immediately upon the acquisition in fee simple by any Mortgagor Customer of an Eligible Mortgage Loan of any Mortgaged Property subsequent to the Closing Date, an Assignment of Mortgage and Collateral Assignment with respect to such Mortgaged Property, together with such title insurance policies (mortgagee's form), certified surveys, and desktop as complete appraisals with respect thereto and such other agreements, documents and instruments which Agent deems reasonably necessary or desirable, in form and substance satisfactory to Agent, including without limitation all terms set forth in the Funding Requirements.

4.22 Mortgages on Real Property. Within thirty (30) days of Agent's request, Loan Parties shall execute and deliver to Agent for the benefit of all Lender Parties a Mortgage with respect to any Real Property owned in fee simple by any Loan Party, whether owned on the Closing Date or hereafter acquired, together with such title insurance policies (mortgagee's form), certified surveys, appraisals, local counsel opinions with respect thereto and such other agreements, documents and instruments which Agent deems reasonably necessary or desirable, in form and substance satisfactory to Agent. Notwithstanding the foregoing, in no event shall any Loan Party be obligated to provide a Mortgage to Agent on the 698 Main Street Property so long as the Bankwell Mortgage is in effect.

4.23 Execution of Supplemental Instruments. Loan Parties shall execute and deliver to Agent from time to time, promptly upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may reasonably request, in order that the full intent of this Agreement and the Other Documents may be carried into effect.

4.24 OFAC. Agent may, at its option, reject, refuse to accept or return any Collateral that Agent determines is, or may be, owed by, or due from, or belongs to, a Sanctioned Person.

5. REPRESENTATIONS AND WARRANTIES.

Each Loan Party represents and warrants as follows:

5 . 1 Authority. Each Loan Party has full power, authority and legal right to enter into this Agreement and the Other Documents and to perform all its respective Obligations hereunder and thereunder. This Agreement is, and each Other Document executed by a Loan Party constitutes, the legal, valid and binding obligation of such Loan Party, enforceable against it in accordance with its terms, except as such enforcement is subject to the effect of (i) any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether considered in a proceeding in equity or at law). The execution, delivery and performance of this Agreement and of the Other Documents (a) are within such Loan Party's corporate (or other organizational) powers, have been duly authorized, are not in contravention of law or the terms of such Loan Party's Organic Documents or to the conduct of such Loan Party's business or of any Material Agreement or undertaking to which such Loan Party is a party or by which such Loan Party is bound, and (b) will not conflict with nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien (except Permitted Encumbrances) upon any asset of such Loan Party under the provisions of any Organic Document or other instrument to which such Loan Party or its property is a party or by which it may be bound.

5.2 Formation and Qualification.

(a) Each Loan Party is duly organized and in good standing under the laws of the state or other jurisdiction listed on Schedule 5.2 and is not required to be qualified to do business in any other jurisdiction. Each Loan Party has delivered to Agent true and complete copies of its Organic Documents and will promptly notify Agent of any amendment or changes thereto.

(b) Each Loan Party's identification number (if any) assigned to it by the appropriate Governmental Body of the state of its organization, if any, is set forth on Schedule 5.2.

(c) The Subsidiaries (if any) of each Loan Party as of the Closing Date are as set forth in Schedule 5.2.

(d) The Equity Interests of each Loan Party which are authorized, issued and outstanding on the Closing Date are set forth and described in Schedule 5.2.

5.3 Tax Returns. Each Loan Party's federal tax identification number is set forth on Schedule 5.3. Each Loan Party has filed all federal, state and local tax returns and other reports each is required by law to file and has paid all taxes, assessments, fees and other governmental charges that are due and payable, excepting therefrom, any such charges which are being contested by Loan Parties in good faith in appropriate proceedings after the posting of adequate reserves on the Loan Parties' books to cover the costs thereof. The provision for taxes on the books of each Loan Party are adequate for all years not closed by applicable statutes, and for its current Fiscal Year, and no Loan Party has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.4 Financial Statements.

(a) The historical audited financial statements of Loan Parties on a consolidated basis for its most recently completed Fiscal Year, and the related statements of income, changes in stockholder's equity, and changes in cash flow for the annual fiscal period ended on such date, all accompanied by reports thereon containing opinions without qualification by the Accountants, and the historical unaudited financial statements of Loan Parties on a consolidated basis for that portion of their current Fiscal Year ended with their most recently completed Fiscal Quarter and Fiscal Month for which financial statements have been reported and the related statements of income, changes in stockholder's equity and changes in cash flow for the fiscal periods ended on such date, (collectively, the "Historical Financial Statements"), copies of which have been delivered to Agent, have been prepared in accordance with GAAP, consistently applied (except for changes in application in which such Accountants have concurred) and present fairly in all material respects the financial position of the Loan Parties on a consolidated basis at such dates and the results of its operations for such periods, subject to Section 6.8 hereof. Since the last day of the Loan Parties' most recently completed Fiscal Year, there has been no material change in the condition, financial or otherwise, of Loan Parties as shown on the balance sheet of each Borrowers on a consolidated basis of such date and no change in the aggregate value of machinery, equipment and Real Property owned by them, except changes in the Ordinary Course of Business, none of which individually or in the aggregate has had a Material Adverse Effect.

(b) The one year cash flow projections (presented on a monthly basis) of the Loan Parties on a consolidated basis and their projected balance sheets as of the Closing Date, furnished to Agent on the Closing Date (the “Projections”), were prepared by the chief financial officer of Borrower Representative, are based on underlying assumptions which provide a reasonable basis for the projections contained therein and reflect Loan Parties’ collective judgment based on present circumstances of the most likely set of conditions and course of action for the projected period.

5 . 5 Name. Except as may be disclosed on Schedule 5.5 hereto, no Loan Party has been known by any other organization name in the five (5) years preceding the Closing Date and does not sell inventory under any other name nor has any Loan Party been the surviving organization of a merger or consolidation or acquired all or substantially all of the assets of any Person during the five (5) years preceding the Closing Date.

5.6 OSHA and Environmental Compliance.

(a) Each Loan Party has duly complied with, and its facilities, business, assets, property and leaseholds are in compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, RCRA and all other Environmental Laws; there have been no outstanding citations, notices or orders of non-compliance issued to any Loan Party or relating to its business, assets, property, or leaseholds under any such laws, rules or regulations.

(b) Each Loan Party has been issued all required federal, state and local licenses, certificates or permits relating to all applicable Environmental Laws.

(c) (i) There are no visible signs, in any material amounts of releases, spills, discharges, leaks or disposal (collectively referred to as “Releases”) of Hazardous Substances at, upon, under or within any Real Property or any premises leased by any Loan Party which do not comply in all material respects with all applicable Environmental Laws in respect thereof; (ii) there are no underground storage tanks or polychlorinated biphenyls on the Real Property or any premises leased by any Loan Party; (iii) neither the Real Property nor any premises leased by any Loan Party has ever been used as a treatment, storage or disposal facility of Hazardous Waste; and (iv) no Hazardous Substances are present, in any material amounts on the Real Property or any premises leased by any Loan Party, excepting such quantities as are handled in accordance with all applicable manufacturer’s instructions and governmental regulations and in proper storage containers and as are necessary for the operation of the commercial business of any Loan Party or of its tenants.

5.7 Solvency.

(a) The Projections are based on underlying assumptions which provide a reasonable basis for the Projections and which reflect the Loan Parties' judgment, based on present circumstances, of a reasonably likely set of conditions and the Loan Parties' reasonably likely course of action for the period projected.

(b) The Projections demonstrate that the Loan Parties on a consolidated basis will have sufficient cash flow to enable Loan Parties to pay their debts as they mature.

(c) Immediately following the execution of this Agreement and the consummation of the transactions contemplated hereby, (i) the assets of the Loan Parties, on a consolidated basis, at a fair valuation and at their present fair saleable value, will be in excess of the total amount of their liabilities (including contingent and unmatured liabilities), (ii) the Loan Parties will be able to pay their Indebtedness as it becomes due and (iii) the Loan Parties on a consolidated basis will not have unreasonably small capital to carry on its business.

(d) All material undisputed Indebtedness owing to third parties by the Loan Parties are current and not past due.

(e) This Agreement is, and all Other Documents will be, executed and delivered by the Loan Parties, as applicable, to Agent and Lenders in good faith and in exchange for reasonably equivalent value and fair consideration.

5.8 Litigation. Except as may be disclosed in Schedule 5.8, no Loan Party has to its knowledge, any pending or threatened litigation, arbitration, actions or proceedings which, if determined adversely to it, would be reasonably expected to have a Material Adverse Effect.

5.9 No Indebtedness. No Loan Party has any Indebtedness for borrowed funds on the Closing Date other than (i) the Obligations, (ii) Indebtedness disclosed on Schedule 5.9 and (iii) Indebtedness otherwise permitted under Section 7.9 hereof.

5.10 No Violations. Except as may be disclosed on Schedule 5.10, no Loan Party is in violation of any applicable statute, regulation or ordinance in any respect which could reasonably be expected to have a Material Adverse Effect on Loan Party, nor is any Loan Party in violation of any order of any court, Governmental Body or arbitration board or tribunal in any respect which would reasonably be expected to have a Material Adverse Effect.

5.11 Plans. No Loan Party nor any member of the Controlled Group maintains or contributes to any Plan (or has assumed any liability in respect of any Plan) other than those (if any) listed on Schedule 5.11 hereto. Except as set forth in Schedule 5.11, (i) no Plan has incurred any “accumulated funding deficiency,” as defined in Section 302(a)(2) of ERISA and Section 412(a) of the Code, whether or not waived, and each Loan Party and each member of the Controlled Group has met all applicable minimum funding requirements under Section 302 of ERISA in respect of each Plan, (ii) each Plan which is intended to be a qualified plan under Section 401(a) of the Code as currently in effect has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and the trust related thereto is exempt from federal income tax under Section 501(a) of the Code, (iii) no Loan Party nor any member of the Controlled Group has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due which are unpaid, (iv) no Plan has been terminated by the plan administrator thereof nor by the PBGC, and there is no occurrence which would cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Plan, (v) at this time, the current value of the assets of each Plan exceeds the present value of the accrued benefits and other liabilities of such Plan and no Loan Party nor any member of the Controlled Group knows of any facts or circumstances which would materially change the value of such assets and accrued benefits and other liabilities, (vi) no Loan Party or any member of the Controlled Group has breached any of the responsibilities, obligations or duties imposed on it by ERISA with respect to any Plan, (vii) no Loan Party nor any member of a Controlled Group has incurred any liability for any excise tax arising under Section 4972 or 4980B of the Code, and no fact exists which could give rise to any such liability, (viii) no Loan Party nor any member of the Controlled Group nor any fiduciary of, nor any trustee to, any Plan, has engaged in a “prohibited transaction” described in Section 406 of the ERISA or Section 4975 of the Code nor taken any action which would constitute or result in a Termination Event with respect to any such Plan which is subject to ERISA, (ix) each Loan Party and each member of the Controlled Group has made all contributions due and payable with respect to each Plan, (x) there exists no event described in Section 4043(b) of ERISA, for which the thirty (30) day notice period contained in 29 CFR §2615.3 has not been waived, (xi) no Loan Party nor any member of the Controlled Group has any fiduciary responsibility for investments with respect to any plan existing for the benefit of persons other than employees or former employees of any Loan Party and any member of the Controlled Group, and (xii) no Loan Party nor any member of the Controlled Group has withdrawn, completely or partially, from any Multiemployer Plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980.

5.12 Intellectual Property. All Intellectual Property owned or utilized by any Loan Party: (i) is set forth on Schedule 5.12; (ii) is valid and has been duly registered or filed with all appropriate Governmental Bodies; and (iii) constitutes all of the intellectual property rights which are necessary for the operation of its business. There is no objection to, pending challenge to the validity of, or proceeding by any Governmental Body to suspend, revoke, terminate or adversely modify, any such Intellectual Property and no Loan Party is aware of any grounds for any challenge or proceedings, except as set forth in Schedule 5.12 hereto. All Intellectual Property owned or held by any Loan Party consists of original material or property developed by such Loan Party or was lawfully acquired by such Loan Party from the proper and lawful owner thereof. Each of such items has been maintained so as to preserve the value thereof from the date of creation or acquisition thereof.

5.13 Licenses and Permits. Each Loan Party (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state, provincial or local law or regulation for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to procure such licenses or permits would reasonably be expected to have a Material Adverse Effect.

5.14 No Default of Indebtedness. No Loan Party is in default in the payment of the principal of or interest on any Indebtedness in excess of the Materiality Threshold in principal amount or under any instrument or agreement under or subject to which any Indebtedness has been issued and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

5.15 No Other Defaults. No Loan Party is in default in the payment or performance of any of its contractual obligations in respect of any Material Agreement.

5.16 No Burdensome Restrictions. No Loan Party is party to any contract or agreement the performance of which would reasonably be expected to have a Material Adverse Effect on such Loan Party. No Loan Party has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien which is not a Permitted Encumbrance.

5.17 No Labor Disputes. No Loan Party is involved in any labor dispute; there are no strikes or walkouts or union organization of any Loan Party's employees threatened or in existence and no labor contract presently existing (if any) is scheduled to expire during the Term.

5.18 Margin Regulations. No Loan Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of any Revolving Advance will be used for "purchasing" or "carrying" "margin stock," as those terms are defined in Regulation U of such Board of Governors.

5.19 Investment Company Act. No Loan Party is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, nor is it controlled by such a company.

5.20 Disclosure. No representation or warranty made by any Loan Party in this Agreement, or in any financial statement, report, certificate or any Other Document furnished in connection herewith, including without limitation the Perfection Certificate, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Loan Parties which Loan Parties have not disclosed to Agent in writing with respect to the transactions contemplated by this Agreement which would reasonably be expected to have a Material Adverse Effect.

5.21 No Conflicting Agreements or Orders. No provision of any Material Agreement or judgment, decree or order binding on any Loan Party or affecting the Collateral conflicts with, or requires any consent which has not already been obtained to, or would in any way prevent the execution, delivery or performance of, the terms of this Agreement or the Other Documents.

5.22 Application of Certain Laws and Regulations. No Loan Party nor any Affiliate of any Loan Party is subject to any law which regulates the incurrence of any Indebtedness, including without limitation, statutes or regulations relative to common or interstate carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services.

5.23 Business and Property of Loan Parties. Upon and after the Closing Date, Loan Parties do not propose to engage in any business other than business conducted by the Loan Parties on the Closing Date and activities necessary to conduct the foregoing. On the Closing Date, each Loan Party will own all the property and possess all of the rights and Consents necessary for the conduct of the business of such Loan Party.

5.24 Hedge Contracts. No Loan Party is party to any Hedge Contract, except a Permitted Hedge Contract.

5.25 Real Property. No Loan Party has any interest as owner or tenant in any Real Property except as disclosed on Schedule 5.25.

5.26 Deposit Accounts. No Loan Party has any Deposit Accounts except as listed on Schedule 5.26.

5.27 Anti-Terrorism Laws. No Covered Entity (a) is a Sanctioned Person (b) has assets located in a Sanctioned County or in possession, custody or control of a Sanctioned Person, (c) derives revenue from investments in or transactions with Sanctioned Persons or Sanctioned Countries or (d) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

5.28 REIT Status. Sachem qualifies as a REIT and is in compliance with all requirements and conditions imposed under the Code to allow it to maintain its status as a REIT.

6. AFFIRMATIVE COVENANTS.

Each Loan Party shall, until payment in full of the Obligations and termination of this Agreement:

6.1 Payment of Fees. Pay to Agent on demand all reasonable usual and customary fees and expenses which Agent incurs in connection with (a) the forwarding of Revolving Advance proceeds and (b) the establishment and maintenance of any Blocked Account, Pledged Account or Concentration Account. Agent may, without making demand, charge Borrowers' Account for all such fees and expenses.

6.2 Conduct of Business and Maintenance of Existence and Assets. (a) Conduct continuously and operate actively its business according to good business practices and maintain all of its properties useful or necessary in its business in good working order and condition (reasonable wear and tear excepted and except as may be disposed of in accordance with the terms of this Agreement), including, without limitation, all licenses, patents, copyrights, design rights, trade names, trade secrets and trademarks and take all actions necessary to enforce and protect the validity of any intellectual property right or other right included in the Collateral; (b) keep in full force and effect its existence, (c) comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect on such Loan Party; and (d) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any political subdivision thereof where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.3 Compliance with Laws. (a) Comply at all times, in all material respects, with all requirements of Law the violation of which, or failure to comply with which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect, and (b) promptly notify Agent in writing of any violation by any Loan Party of any Law which violation could reasonably be expected to have a Material Adverse Effect.

6.4 Government Receivables. If requested by Agent to do so in respect of any Receivable at any time after a Default or Event of Default exists, regardless of amount, take all steps reasonably necessary to protect Agent's interest in the Collateral under the Federal Assignment of Claims Act or other applicable state or local statutes or ordinances and deliver to Agent appropriately endorsed, any instrument or chattel paper connected with any Receivable arising out of contracts between any Loan Party and the United States, any state or any department, agency or instrumentality of any of them.

6.5 Taxes. (a) File, prior to delinquency, all federal income, payroll and unemployment and other material tax returns which it is required to file; (b) pay, or provide for the payment, when due, of all income and franchise taxes, real and personal property taxes, payroll taxes, value added taxes, employment, social security benefits, withholding, and sales taxes, assessments and other Charges lawfully levied or assessed upon such Loan Party or any of the Collateral by any Governmental Body; (c) make all required withholding and other tax deposits, and establish adequate reserves in accordance with GAAP for the payment of all such items; and (d) provide to Agent, upon its request, satisfactory evidence of its timely compliance with the foregoing; provided, however, so long as the Borrower Representative has notified Agent in writing, no Loan Party need pay any such amount referred to in clause (b) above to the extent such amounts are being Properly Contested. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any Loan Party and any Lender and, as a result of such transaction, such Lender is required to withhold or pay or if any taxes, assessments, or other Charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in such Lender's opinion, may possibly create a valid Lien on the Collateral, such Lender may, unless the applicable Loan Party has done so within five (5) Business Days after the Borrower Representative receives written notice from such Lender that they do so, pay the taxes, assessments or other Charges and each Loan Party hereby indemnifies and holds Agent and such Lender harmless in respect thereof. No Lender or Agent will pay any taxes, assessments or Charges to the extent that any Loan Party has contested or disputed those taxes, assessments or Charges in good faith, by expeditious protest, administrative or judicial appeal or similar proceeding provided that any related tax lien is stayed and sufficient reserves are established to the reasonable satisfaction of Agent to protect Agent's security interest in or Lien on the Collateral. The amount of any payment by any Lender under this Section 6.5 shall be charged to Loan Parties' Account as a Revolving Advance and added to the Obligations and, until Loan Parties shall furnish Agent and Lenders with an indemnity therefor (or supply Agent with evidence satisfactory to them that due provision for the payment thereof has been made), Agent may hold without interest any balance standing to Loan Parties' credit and Agent shall retain its security interest in any and all Collateral held by Agent.

6 . 6 Execution of Supplemental Instruments. Execute and deliver to Agent from time to time, upon demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may reasonably request, in order that the full intent of this Agreement and the Other Documents may be carried into effect.

6 . 7 Payment of Indebtedness and Leasehold Obligations. Pay, discharge or otherwise satisfy (i) at or before maturity (subject, where applicable, to specified grace periods) all its Indebtedness, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being Properly Contested, subject at all times to any applicable subordination arrangement in favor of Lenders and (ii) when due its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect.

6.8 Standards of Financial Statements. Cause all financial statements referred to herein as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as concurred in by such reporting accountants or officer, as the case may be, and disclosed therein).

6 . 9 Anti-Terrorism Laws. Each Loan Party covenants and agrees that (i) no Covered Entity will become a Sanctioned Person, (ii) no Covered Entity, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Revolving Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (iii) the funds used to repay the Obligations will not be derived from any unlawful activity, (iv) each Covered Entity shall comply with all Anti-Terrorism Laws and (v) the Loan Parties shall promptly notify the Agent in writing upon the occurrence of a Reportable Compliance Event.

6.10 Post-Closing Matters. The Loan Parties shall complete the actions specified in Schedule 6.10 within the time periods specific therein, or such longer period of time or Agent may agree to in writing in its sole discretion.

6.11 Servicing Agent. Borrowers shall, subject to the terms and conditions herein set forth, act as servicing agent for Agent in connection with the Eligible Mortgage Loans, including performance of the following services:

(a) collect on a monthly basis all principal and interest due from each Mortgagor Customer under the Mortgage Notes and any other Mortgage Loan Document;

(b) collect any other revenue due in connection with the Mortgage Notes, and any other Mortgage Loan Document, and any other revenue due in connection with matters relating to any Mortgaged Property, including, without limitation, any rents, security deposits, additional rent, direct and indirect operating costs, tenant improvement charges, and any amounts due in connection with or as a result of any casualty or exercise of eminent domain;

(c) except as otherwise provided herein, instruct all Mortgagor Customers to remit all payments in respect of the Mortgage Notes to the Blocked Account in accordance with Section 4.14(d);

(d) cause each Mortgagor Customer to keep the Mortgaged Property owned by such Mortgagor Customer insured in accordance with Annex Two, Part I;

(e) cause each Mortgagor Customer to pay on or before the date when due, any and all general and special city and county taxes of every kind and nature, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rents, fines, impositions, levies, permits, inspection and license fees, all special assessments for public improvements (without permitting any improvement bond to be issued for special assessments) and all other charges now or hereafter levied or imposed upon or assessed against the Mortgaged Property owned by such Mortgagor Customer or any part thereof by any municipality or other governmental authority or upon the revenues, rents, issues, income and profits of such Mortgaged Property or arising in respect of the occupancy, use or possession thereof or the use of walks, chutes, areas and other space beyond the lot line of such Mortgaged Property and on or abutting the public sidewalks and/or highways in front or adjoining such Mortgaged Property or pursuant to any environmental protection act for the use of any furnace, compactors, incinerators, parking areas or for other matters covered by any such act, together with any penalties and interest on any of the foregoing (hereinafter collectively referred to as "Taxes"), and in the event of a default thereof, Agent may pay the same, which costs shall be secured by the Liens granted pursuant to this Agreement with interest thereon as herein provided. Borrowers will repay all such costs upon demand. Borrowers agree to notify Agent and the appropriate taxing authorities immediately upon the happening of any event which does or may affect the value of the Mortgaged Property, or any portion thereof, the basis of the Mortgaged Property, or any portion thereof, or the availability of any exemption to which Borrowers are or may be entitled;

(f) notify Agent of any default by any Mortgagor Customer under the terms, covenants and conditions of any Mortgage Loan Collateral within five (5) Business Days after the date any Borrower discovers such default;

(g) notify the appropriate Mortgagor Customer of any default under the terms of any Mortgage Loan Collateral in accordance with the terms of the applicable Mortgage Loan Documents, and otherwise communicate with such Mortgagor Customer on Agent's behalf as and when required pursuant to the terms of such Mortgage Loan Documents. At Agent's option, after the discovery of any default by a Mortgagor Customer, Borrowers shall refer the matter to Agent's attorneys, whereafter Borrowers shall cooperate with said attorneys in connection therewith, including, without limitation, in connection with any action to foreclose on such defaulted Mortgage Loan Collateral;

(h) notify Agent of (1) any abandonment by a Mortgagor Customer of such Mortgaged Property or a closure of its business; (2) any Loan Party's receipt of a notice from a Mortgagor Customer alleging that Agent is in default in the performance of its obligations under the Mortgage Loan Collateral or that any other right, entitlement, protection or condition for the benefit of a Mortgagor Customer is not being observed, performed or satisfied; (3) any Loan Party's receipt of any notice of a proposed or threatened exercise of the right of eminent domain with respect to the Mortgaged Property or any portion thereof; and (4) any casualty, damage or injury to the Mortgaged Property or a portion thereof which could create a risk of a material, immediate diminution in the revenue earned by or generated from the Mortgaged Property;

(i) communicate with each Mortgagor Customer on all matters concerning such Mortgagor Customer's Mortgage Loan Collateral and promptly forward to Agent upon its request copies of all notices, correspondence, bills, invoices, documents and instruments by or between each Mortgagor Customer or any Borrower or otherwise received by Borrower with respect to the Mortgage Loan Collateral or the Mortgaged Property;

(j) cooperate and assist in any legal proceedings by or against Agent with regard to the Mortgage Loan Collateral or the Mortgaged Property and involving third parties;

(k) following an event of a default by any Mortgagor Customer which is not timely cured within any applicable notice and cure period, promptly advise Agent thereof, and take such action as may be necessary or appropriate with respect to such default, including, without limitation, retaining counsel on Agent's behalf, but at Borrowers' sole cost and expense, to foreclose the defaulting Mortgage Loan Collateral. Agent shall not be responsible for advancing the fees and disbursements of counsel in connection with any legal proceedings commenced in connection with the Mortgage Loan Collateral, but shall fully cooperate with and assist counsel in connection therewith;

(l) maintain and keep in good order separate, accurate and complete accounts and records (other than books of account maintained by Agent's accountants) for Agent, and maintain orderly files containing records of interest and principal paid, insurance policies, leases and subleases, correspondence, receipted bills and vouchers, and all other documents and papers pertaining to the Mortgage Loan Collateral and the Mortgaged Property or the operation thereof;

(m) at Agent's option, either audit and verify the accuracy of any statements and information required to be submitted by any Mortgagor Customer with respect to its Mortgage Loan Collateral or refer said matter to Agent's accountants and cooperate with said accountants in the conduct of any such audit;

(n) take service, if requested, for Agent of legal notices; advise Agent's attorneys as promptly as possible of such service; advise Agent of the receipt of information concerning any claim of injury, damage or other liability against Agent or any Agent and, to the extent available, other relevant information concerning such claim; and provide copies of all relevant legal papers to Agent's attorneys. Borrowers will give notice of claims and forward documents to Agent's insurance carrier whenever appropriate, and furnish Agent with copies of insurance claims made against or on behalf of Agent; and

(a) generally, do all things reasonably deemed necessary or desirable for the proper servicing of Mortgage Loan Collateral.

6.12 [Reserved].

6.13 Servicing.

(a) Each Loan Party covenants to maintain or cause the servicing of the Mortgage Loans to be maintained in conformity with the Accepted Servicing Practices. In the event that the preceding language is interpreted as constituting one or more servicing contracts, each such servicing contract shall terminate automatically upon the earliest of (i) an Event of Default, (ii) the date on which all the Obligations have been paid in full or (iii) the transfer of servicing approved by the Loan Parties.

(b) If the Mortgage Loans are serviced by the Loan Parties, (i) the Loan Parties agree that the Agent is the collateral assignee of all servicing records, including but not limited to any and all servicing agreements, files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, appraisals, other closing documentation, payment history records, and any other records relating to or evidencing the servicing of Mortgage Loans (the "Servicing Records"), and (ii) the Loan Parties grant the Agent a security interest in all servicing fees and rights relating to the Mortgage Loans and all Servicing Records to secure the obligation of the Loan Parties or their designee to service in conformity with this Section and any other obligation of the Loan Parties to the Agent. The Loan Parties covenant to safeguard such Servicing Records and to deliver them promptly to the Agent or its designee at the Agent's request.

(c) If the Mortgage Loans are serviced by a third party servicer (such third party servicer, the "Servicer"), the Loan Parties (i) shall provide a copy of the servicing agreement to the Agent, which shall be in form and substance acceptable to the Agent (the "Servicing Agreement"), and (ii) shall provide a Servicer Notice to the Servicer substantially in the form of Exhibit C hereto (a "Servicer Notice") and shall cause the Servicer to acknowledge and agree to the same. Any successor or assignee of a Servicer shall be approved in writing by the Agent and shall acknowledge and agree to a Servicer Notice prior to such successor's assumption of servicing obligations with respect to the Mortgage Loans.

(d) If the servicer of the Mortgage Loans is a Loan Party or the Servicer is an Affiliate of a Loan Party, such Loan Party shall provide to the Agent a letter from such Loan Party or the Servicer, as the case may be, to the effect that upon the occurrence of an Event of Default, the Agent may terminate any Servicing Agreement and in any event transfer servicing to the Agent's designee, at no cost or expense to the Agent, it being agreed that the Loan Parties will pay any and all fees required to terminate the Servicing Agreement and to effectuate the transfer of servicing to the designee of the Agent.

(e) After the Funding Date, until the pledge of any Mortgage Loan is relinquished by the Agent, the Loan Parties will have no right to modify or alter the terms of such Mortgage Loan and the Loan Parties will have no obligation or right to repossess such Mortgage Loan or substitute another Mortgage Loan, except as provided herein.

(f) In the event the Loan Parties or their Affiliate are servicing the Mortgage Loans, the Loan Parties shall permit the Agent from time to time to inspect the Loan Parties' or their Affiliates' servicing facilities, as the case may be, for the purpose of satisfying the Agent that the Loan Parties or their Affiliates, as the case may be, has the ability to service the Mortgage Loans as provided in this Agreement.

6.14 Termination of Servicing Duties. At any time following an Event of Default, Agent may elect to discontinue a Loan Party's duties pursuant to Section 6.13 of this Agreement. Following any such election by Agent, Agent shall designate and retain a subsidiary, affiliate or agent of Agent ("Agent's Designee") to perform said duties. Promptly after being discharged of its duties in accordance with the terms of this Section 6.14, such Loan Party shall forward to Agent or Agent's Designee any amounts then being held by any Loan Party in connection with the Mortgage Loan Collateral or the Mortgaged Property.

6.15 Agent Communications. As long as there is no Event of Default, (a) Agent shall permit Loan Parties to communicate with the Mortgagor Customers on Agent's behalf on all matters concerning the Mortgage Loan Collateral and the Mortgaged Property, and (b) if Agent requests or requires additional information or communication with any Mortgagor Customer, Agent shall forward a request for same to Borrower Representative who shall then use its best efforts to obtain such information or forward such communication to such Mortgagor Customer. Following an Event of Default, Agent, at its sole option, may communicate directly with any Mortgagor Customer on any and all matters concerning the Mortgage Loan Collateral.

6.16 Periodic Due Diligence Review. The Loan Parties acknowledge that the Agent has the right to perform continuing due diligence reviews with respect to the Mortgage Loans, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and the Loan Parties agree that upon reasonable (but no less than one (1) Business Day's) prior notice to the Borrower Representative, the Agent or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Mortgage Files and any and all documents, records, agreements, instruments or information relating to such Mortgage Loans in the possession or under the control of the Loan Parties. The Loan Parties also shall make available to the Agent a knowledgeable financial or accounting officer for the purpose of answering questions respecting the Mortgage Files and the Mortgage Loans. Without limiting the generality of the foregoing, the Loan Parties acknowledge that the Agent may make Daily LIBOR Rate Loans to the Loan Parties based solely upon the information provided by the Loan Parties to the Agent and the representations, warranties and covenants contained herein, and that the Agent, at its option, has the right at any time to conduct a partial or complete due diligence review on some or all of the Mortgage Loans securing such Loan, including without limitation ordering new credit reports and new desktop as complete appraisals on the related Mortgaged Properties and otherwise re-generating the information used to originate such Mortgage Loan. The Agent may underwrite such Mortgage Loans itself or engage a mutually agreed upon third party underwriter to perform such underwriting. The Loan Parties agree to cooperate with the Agent and any third party underwriter in connection with such underwriting, including, but not limited to, providing the Agent and any third party underwriter with access to any and all documents, records, agreements, instruments or information relating to such Mortgage Loans in the possession, or under the control, of the Loan Parties. The Loan Parties further agree that the Loan Parties shall reimburse the Agent for any and all reasonable out-of-pocket costs and expenses incurred by the Agent in connection with the Agent's activities pursuant to this Section 6.16, provided that Loan Parties shall not be responsible to reimburse Agent with respect to more than two (2) such inspections per calendar year unless a Default or Event of Default shall have occurred.

6.17 REIT Status. Sachem shall at all times maintain its status as a REIT.

7. NEGATIVE COVENANTS.

Subsequent to the Signing Date, no Loan Party shall, nor shall any Loan Party permit any of its Subsidiaries to, until satisfaction in full of the Obligations and termination of this Agreement:

7 . 1 Merger, Consolidation and Acquisitions. Enter into any merger, consolidation or other reorganization with or into any other Person or acquire all or a substantial portion of the assets or Equity Interests of any Person or permit any other Person to consolidate with or merge with it, except that, to the extent multiple Loan Parties exist at any time, so long as Borrower Representative gives Agent at least thirty (30) days advance written notice to such effect, (i) any Loan Party may merge into, or consolidate with, any other Loan Party, so long as a Loan Party is the survivor of such merger or consolidation, (ii) any Loan Party may acquire all or any substantial portion of the assets or Equity Interests of any other Loan Party.

7 . 2 Sales of Assets. Sell, lease, transfer or otherwise dispose of any of its properties or assets, including any Collateral except (i) in connection with a Permitted Commercial Loan Financing and (ii) as permitted in Section 4.3 hereof.

7.3 Creation of Liens. Create or suffer to exist any Lien other than Permitted Encumbrances.

7 . 4 Guarantees. Become liable upon the obligations of any Person, by assumption, endorsement or guaranty thereof or otherwise (other than to Agent, Bank, or any other Lender Party in connection with this Agreement and the transactions contemplated herein), except (a) guarantees made in the Ordinary Course of Business up to an aggregate amount not exceeding the Materiality Threshold; (b) the endorsement of checks for collection in the Ordinary Course of Business; and (c) guarantees made by one Loan Party of the Obligations of another Loan Party or Loan Parties.

7 . 5 Investments. Purchase or acquire obligations or Equity Interests of, or any other interest in, any Person, including, without limitation the acquisition of all, or substantially all, or any material portion of the assets or Equity Interests of a Person or the assets of (a) any division or line of business of a Person and (b) any partnership or joint venture; provided, however, so long as there does not exist a Default or Event of Default, or a Default or Event of Default would not result therefrom, Borrowers may invest in a Permitted Commercial Loan Subsidiary by way of transferring Commercial Loans to such Subsidiary in connection with a Permitted Commercial Loan Financing.

7.6 Loans. Make advances, loans or extensions of credit to any Person, including particularly, but without limitation, to any Subsidiary or any other Affiliate, except loans made to Mortgagor Customers of Eligible Mortgage Loans in the Ordinary Course of Business.

7.7 Dividends. Declare, pay or make any dividend or distribution on any shares of Equity Interests of any Loan Party (other than dividends or distributions payable in its Equity Interests, or split-ups or reclassifications of its Equity Interests) or apply any of its funds, property or assets to the purchase, redemption or other retirement of any Equity Interests, or of any options to purchase or acquire any Equity Interests of any Loan Party; provided, however, so long as there does not exist a Default or Event of Default, or a Default or Event of Default would not result therefrom, (a) any Subsidiary of Borrower or another Loan Party may pay dividends or make other distributions to Borrower or such other Loan Party and (b) Borrower may make cash distributions to its equity holders (including REIT Distributions) on a quarterly basis, so long as (i) Borrowers' average Undrawn Availability for the immediately preceding ninety (90) days is not less than \$500,000, and (ii) after giving effect to such distribution and any Revolving Advances funded in connection therewith, Borrowers shall have a minimum pro forma Undrawn Availability as of the date of consummation of such distribution and on an average basis for the ninety (90) days immediately thereafter of not less than \$500,000.

7.8 Reserved.

7.9 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness (exclusive of commercial trade debt incurred in the Ordinary Course of Business) except in respect of (i) the Obligations; (ii) Permitted Subordinated Debt; (iii) the Bankwell Mortgage Loan; (iv) the Existing Loans, pending their full payment on the Signing Date; (v) Permitted Hedge Contracts; (vi) purchase money Indebtedness incurred for Capital Expenditures in an aggregate amount not to exceed the Materiality Threshold at any time outstanding; (vii) a Permitted Commercial Loan Financing; and (viii) Indebtedness to fund the renovation of the 698 Main Street Property so long as any Lien securing such Indebtedness (if any) is limited to a Mortgage upon the 698 Main Street Property.

7.10 Nature of Business. Substantially change the nature of the business in which it is engaged, on the Signing Date, or, except as otherwise specifically permitted hereby purchase or invest, directly or indirectly, in any assets or property other than in the Ordinary Course of Business for assets or property which are useful in, necessary for and are to be used in its business as presently conducted.

7.11 Transactions with Affiliates. Except as set forth on Schedule 7.11 hereto, directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, any Affiliate, except (i) transactions which do not exceed the Materiality Threshold, individually or collectively, (ii) other transactions, in excess of the Materiality Threshold, individually or collectively, which occur in the Ordinary Course of Business, on an arm's length basis on terms no less favorable than terms which would have been obtainable from a Person other than an Affiliate, and which have been fully disclosed to Agent, (iii) transfers of Commercial Loans to a Permitted Commercial Loan Subsidiary in connection with a Permitted Commercial Loan Financing, provided that (A) each such transfer shall be accounted for at book value, and (B) no Default or Event of Default shall exist either before or after giving effect thereto, and (iv) transactions described in, and governed by, Section 7.5 or 7.7 hereof (as to which neither of clauses (i) or (ii) of this Section 7.11 shall be applicable).

7.12 Leases. Enter as lessee into any lease arrangement for real or personal property (unless capitalized and permitted under Section 8.5 hereof) if after giving effect thereto, aggregate annual rental payments for all leased property would exceed the Materiality Threshold in any one Fiscal Year of Loan Parties.

7.13 Subsidiaries. Either: (a) create or acquire any Subsidiary; (b) enter into any partnership, joint venture or similar arrangement, provided, however, so long as no Default or Event of Default shall have occurred or would result therefrom, Borrowers may create a Permitted Commercial Loan Subsidiary in connection with a Permitted Commercial Loan Financing; or (c) dispose of any Equity Interests of any Subsidiary. Without limitation of the foregoing, if and to the extent any Subsidiary is created or acquired hereafter with Agent's prior written consent, then, as a condition to such consent becoming effective, each such Subsidiary must be joined as a Loan Party hereunder (either as a Borrower or a Corporate Guarantor, as determined by Agent), on terms satisfactory to Agent.

7.14 Fiscal Year and Accounting Changes. Change its Fiscal Year from that in use on the Signing Date or make any significant change (i) in accounting treatment and reporting practices except as required by GAAP or (ii) in tax reporting treatment except as required by law.

7.15 Pledge of Credit. Pledge (or purport to pledge) Agent's credit on any purchases or for any purpose whatsoever or use any portion of any Revolving Advance in or for any business other than such Loan Party's business as conducted on the Signing Date.

7.16 Amendment of Documents. Amend, modify or waive any term or provision of its Organic Documents or any Material Agreement, unless (i) required by law to do so or (ii) such amendment, modification or waiver does not cause any contravention of, or conflict with, any material term or condition of this Agreement and would not otherwise reasonably be expected to have a Material Adverse Effect.

7.17 Compliance with ERISA. (i) (x) Maintain, or permit any member of the Controlled Group to maintain, or (y) become obligated to contribute, or permit any member of the Controlled Group to become obligated to contribute, to any Plan, other than those Plans disclosed on Schedule 5.11(d), (ii) engage, or permit any member of the Controlled Group to engage, in any non-exempt "prohibited transaction", as that term is defined in Section 406 of ERISA and Section 4975 of the Code, (iii) incur, or permit any member of the Controlled Group to incur, any "accumulated funding deficiency", as that term is defined in Section 302 of ERISA or Section 412 of the Code, (iv) terminate, or permit any member of the Controlled Group to terminate, any Plan where such event could result in any liability of any Loan Party or any member of the Controlled Group or the imposition of a lien on the property of any Loan Party or any member of the Controlled Group pursuant to Section 4068 of ERISA, (v) assume, or permit any member of the Controlled Group to assume, any obligation to contribute to any Multiemployer Plan not disclosed on Schedule 5.11, (vi) incur, or permit any member of the Controlled Group to incur, any withdrawal liability to any Multiemployer Plan; (vii) fail promptly to notify Agent of the occurrence of any Termination Event, (viii) fail to comply, or permit a member of the Controlled Group to fail to comply, with the requirements of ERISA or the Code or other applicable laws in respect of any Plan, (ix) fail to meet, or permit any member of the Controlled Group to fail to meet, all minimum funding requirements under ERISA or the Code or postpone or delay or allow any member of the Controlled Group to postpone or delay any funding requirement with respect of any Plan.

7.18 Prepayment of Indebtedness. Except as permitted in Section 7.19 hereof, at any time, directly or indirectly, either (i) prepay any Indebtedness (other than to Agent or Bank), or (ii) prior to its stated maturity, repurchase, redeem, retire or otherwise acquire any Indebtedness of any Loan Party or any Subsidiary of any Loan Party.

7.19 Payment of Subordinated Debt. At any time, directly or indirectly pay the principal of, interest on or any other charge or fee in respect of any Permitted Subordinated Debt then outstanding except as expressly permitted by the Subordination Agreement applicable thereto.

7.20 Deposit Accounts. Open any Deposit Account unless a Blocked Account Agreement or Pledged Account Agreement, as appropriate, is first executed in respect thereof.

7.21 [Reserved].

7.22 Limitations on Release of Mortgagor Customers. No Loan Party shall, without the prior written consent of Agent, which consent, in the case of clauses (i) and (ii) below shall be subject to the Permitted Discretion of Agent, do any of the following: (i) release any Mortgagor Customer, or any guarantor of a Mortgage Loan from any liability to such Loan Party under any Mortgage Loan Documents other than in connection with a full repayment of such Mortgage Loan; (ii) release any collateral securing any Mortgage Loan other than in connection with a full repayment of such Mortgage Loan; or (iii) subordinate any obligation owing to such Loan Party or any Lien granted to such Loan Party, under any Mortgage Loan. Each Loan Party recognizes and agrees that any such release or subordination by such Loan Party (even if not consented to by such Loan Party) shall automatically deem the subject Mortgage Loan ineligible for borrowing purposes. Loan Parties shall provide Agent with at least five (5) Business Days prior written notice of any such release or subordination.

7.23 Underwriting Guidelines. Loan Parties shall not modify its Underwriting Guidelines without the prior written consent of Agent.

7.24 Long Term Mortgages. Loan Parties shall not permit Mortgage Loans which are outstanding more than twenty-four (24) months after their Origination Date to comprise more than twenty percent (20%) of Loan Parties' total portfolio of Mortgage Loans at any time; provided, that Long Term Mortgages existing on the Closing Date shall not be included in the foregoing calculation unless and until such Long Term Mortgages are outstanding more than thirty-six (36) months after their Origination Date.

8. FINANCIAL COVENANTS.

Loan Parties shall, until payment in full of the Obligations and termination of this Agreement, comply with financial covenants set forth below:

8.1 Controlling Definitions. As used in this Article 8:

“Capital Expenditures” shall mean all expenditures (or commitments to make expenditures) of Borrowers on a consolidated basis for fixed or capital assets (including any made or committed to be made pursuant to capitalized leases) which, in accordance with GAAP, constitute capital expenditures in the period made.

“Capitalized Lease Obligations” shall mean any Indebtedness of any Borrowers on a consolidated basis represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“EBITDA” shall mean, for any fiscal period the sum of (i) net income (or loss) of a Borrowers on a consolidated basis (as applicable) for such period (excluding extraordinary gains and losses), plus (ii) to the extent deducted in determining such net income (or loss) of Borrowers on a consolidated basis, the following: (A) all interest expense of Borrowers on a consolidated basis for such period; and (B) all charges against income of Borrowers on a consolidated basis for such period for federal, state and local income taxes actually paid; (C) depreciation expenses of Borrowers on a consolidated basis for such period; and (D) amortization expenses of Borrowers on a consolidated basis for such period.

“Fixed Charge Coverage Ratio” shall mean and include, with respect to any applicable Test Period of Borrowers on a consolidated basis, the ratio of (a) EBITDA for such Test Period, minus any Unfinanced Capital Expenditures made during such period, minus distributions and dividends (other than REIT Distributions) made during such period, minus, all charges against income of Borrowers on a consolidated basis for such period for federal, state and local income taxes actually paid during such period to (b) Fixed Charges for such Test Period.

“Fixed Charges” shall mean and include, with respect to any applicable fiscal period of Borrowers on a consolidated basis, the sum of (i) all scheduled payments (excluding mandatory prepayments) of principal made on Funded Indebtedness of Borrowers on a consolidated basis outstanding during such period (excluding Revolving Advances), plus (ii) all interest expense of Borrowers on a consolidated basis (including Revolving Advances) during such period, plus (iii) all capitalized lease payments of Borrowers on a consolidated basis made during such period.

“Funded Indebtedness” shall mean (with duplication) all Indebtedness: (i) for money borrowed, including the Revolving Advances, (ii) which is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) for the deferred payment for a term of one (1) year or more of the purchase price of any asset, (iv) consisting of Capitalized Lease Obligations, (v) consisting of reimbursement obligations with respect to letters of credit or guaranties of letters of credit, and (vi) consisting of guaranties of any Indebtedness described in clauses (i) through (vi) hereof owing by another Person.

“Net Worth” shall mean, at a particular date, (a) the aggregate amount of all assets of Borrowers on a consolidated basis as may properly be classified as such in accordance with GAAP, less (b) the aggregate amount of all liabilities of the Borrowers on a consolidated basis as may properly be classified as such in accordance with GAAP.

“Senior Funded Debt” shall mean the Obligations.

“Senior Funded Debt to Tangible Net Worth Ratio” shall mean, as of any date of determination, the ratio of (a) the Senior Funded Debt on such date, to (b) Tangible Net Worth of Borrowers on a consolidated basis.

“Tangible Net Worth” shall mean at a particular date, Net Worth less the sum of the following on such date: (i) all “intangible assets” of the Borrowers on a consolidated basis as may be properly classified as such in accordance with GAAP, and (ii) the aggregate amount of all Indebtedness owed to Borrowers (or any of them) by any of Borrowers’ Affiliates.

“Test Period” shall mean each twelve (12) month period ending at the end of each Fiscal Month or such other period as specified in the Agreement.

“Unfinanced Capital Expenditures” shall mean Capital Expenditures not financed by the incurrence of purchase money Indebtedness permitted to be incurred pursuant to Section 7.8.

8.2 Tangible Net Worth. Maintain at all times Tangible Net Worth in an amount not less than \$52,000,000.

8.3 Fixed Charge Coverage Ratio. Maintain a Fixed Charge Coverage Ratio as of the end of each Fiscal Quarter for the Test Period then ended, beginning with the Fiscal Quarter ending March 31, 2018 of not less than 1.25 to 1.

8.4 Senior Funded Debt to Tangible Net Worth Ratio. Maintain at the end of each Fiscal Quarter, beginning with the Fiscal Quarter ending March 31, 2018, a Senior Funded Debt to Tangible Net Worth Ratio of not more than 2.0 to 1.

9. CONDITIONS PRECEDENT.

9.1 Conditions to the Initial Revolving Advance. The agreement of Agent to make the Initial Revolving Advance requested to be made on the Closing Date is subject to the satisfaction, or waiver by Agent, immediately prior to or concurrently with the making of such Initial Revolving Advance, of the following conditions precedent (in addition to, and cumulative with, any such conditions precedent set forth and described in the Commitment Letter relative hereto):

(a) Loan Documents. Agent shall have received this Agreement (including all Schedules and Exhibits), the Notes and any Other Documents to which Loan Parties, or a Loan Party are parties, duly executed and delivered by a Designated Officer of each applicable Loan Party;

(b) Filings, Registrations, Recordings and Searches. (i) Each document (including, without limitation, any Uniform Commercial Code financing statement) required by this Agreement, any Other Document, under applicable law or otherwise as reasonably requested by the Agent to be filed, registered or recorded in order to create, in favor of Agent, a perfected security interest in or lien upon the Collateral shall have been properly filed, registered or recorded in each jurisdiction in which the filing, registration or recordation thereof is so required or requested, and Agent shall have received an acknowledgment copy, or other evidence satisfactory to it, of each such filing, registration or recordation and satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto; (ii) the Agent shall also have received UCC, tax and judgment lien searches with respect to each Loan Party in such jurisdictions as Agent shall require, and the results of such searches shall be satisfactory to Agent; and (iii) Agent shall have received from Borrower Representative, for each Loan Party, a perfection certificate, the form of which shall be supplied by Agent to Borrower Representative prior to the Closing Date;

(c) Secretary's Certificates. Agent shall have received a certificate of the Secretary (or Assistant Secretary or other appropriate officer) of each Loan Party, dated the Signing Date, in form and substance acceptable to Agent, certifying as to (i) the incumbency and signature of the officers (or other representatives) of each Loan Party executing this Agreement and any Other Documents, and (ii) the authorizations by the board of directors (or other governing body) of such Loan Party to such officers or other representatives to enter into and carry out such transactions as are contemplated pursuant to this Agreement and the Other Documents; and including therewith copies of the Organic Documents of such Loan Party as in effect on the Signing Date;

(d) Good Standing Certificates. Agent shall have received good standing certificates for each Loan Party dated not more than thirty (30) days prior to the Signing Date, issued by the secretary of state or other appropriate official of each Loan Party's jurisdiction of organization and each jurisdiction where the conduct of each Loan Party's business activities or the ownership of its properties necessitates qualification;

(e) Legal Opinion. Agent shall have received the executed legal opinion of legal counsel to the Loan Parties, in form and substance satisfactory to Agent, which shall cover such matters incident to the transactions contemplated by this Agreement, the Notes and all Other Documents such as Agent may reasonably require, and each Loan Party hereby authorizes and directs such counsel to deliver such opinions to Agent;

(f) No Litigation. (i) No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against any Loan Party or against the officers or directors of any Loan Party (A) in connection with the Other Documents or any of the transactions contemplated thereby and which, in the reasonable opinion of Agent, is deemed material or (B) which could, in the reasonable opinion of Agent, have a Material Adverse Effect; and (ii) no injunction, writ, restraining order or other order of any nature materially adverse to any Loan Party or the conduct of its business or inconsistent with the due consummation of the transactions contemplated hereunder shall have been issued by any Governmental Body;

- (g) Material Agreements. Agent shall have reviewed all Material Agreements and been satisfied therewith, in its sole credit judgment;
- (h) Collateral Examination. Agent shall have completed examinations and received appraisals, the results of which shall be satisfactory in form and substance to Agent, of the Collateral and all books and records in connection therewith;
- (i) Fees. Agent shall have received all fees and expenses payable to Agent and/or Lenders on or prior to the Closing Date pursuant hereto or under any Other Document, including, without limitation, the Fee Letter, provided that all fees and expenses payable on the Closing Date shall have been paid on or prior to the Closing Date;
- (j) Financial Statements. Agent shall have received copies of the Projections and copies of the Historical Financial Statements, each of which shall be satisfactory in all respects to Agent;
- (k) Insurance. Agent shall have received in form and substance satisfactory to Agent, (i) evidence that adequate insurance, including, without limitation, casualty and liability insurance, required to be maintained under this Agreement is in full force and effect, (ii) insurance certificates issued by Loan Parties' insurance broker containing such information regarding Loan Parties' casualty and liability insurance policies as Agent shall request and naming Agent as an additional insured, lenders loss payee and/or mortgagee, as applicable, and (iii) loss payable endorsements issued by Loan Parties' insurer naming Agent as lenders loss payee and mortgagee, as applicable;
- (l) Blocked Accounts. Agent shall have received duly executed agreements establishing the Concentration Account and any Blocked Accounts to the extent required under Section 4.14 to be delivered on the Closing Date;
- (m) Consents. Agent shall have received any and all Consents necessary to permit the effectuation of the transactions contemplated by this Agreement and the Other Documents; and, Agent shall have received such Consents and waivers of such third parties as might assert claims with respect to the Collateral, as Agent and its counsel shall deem necessary;
- (n) No Adverse Material Change. Since December 31, 2017 there shall not have occurred any event, condition or state of facts which could reasonably be expected to have a Material Adverse Effect on any Loan Party or any Subsidiary and no representations made or information supplied to Agent shall have been proven to be inaccurate or misleading in any material respect;
- (o) Landlord's Agreements, Mortgagee Waivers, Etc. Unless Agent otherwise has agreed to waive such requirement in one or more instances (and impose reserves with the Borrowing Base in regard thereto), Agent shall have received waivers or related agreements satisfactory to Agent with respect to all premises owned by, leased by, licensed to or otherwise used by Loan Parties at which Collateral is located, such waivers or related agreements to be in form and substance satisfactory to Agent;

(p) Pledge Agreements. Agent shall have received a pledge agreement from Borrower in respect of the Equity Interests of each Subsidiary owned by it (limited, in the case of Foreign Subsidiaries, to sixty-five percent (65%) of such Equity Interests), in form and substance satisfactory to Agent (the "Subsidiary Pledge Agreement");

(q) Intellectual Property. To the extent any Loan Party owns any trademarks or patents (or applications therefor) which are registered with the United States Patent and Trademark Office, or any copyrights (or applications therefor) which are registered with the United States Copyright Office, such Loan Party shall have executed in favor of Agent and Intellectual Property, Security Agreement, in form and substance satisfactory to Agent;

(r) Closing Certificate. Agent shall have received a closing certificate signed by a Designated Officer of each Loan Party dated the Closing Date, in form and substance satisfactory to Agent, stating that (i) all representations and warranties set forth in this Agreement and the Other Documents are true and correct on and as of such date, (ii) Loan Parties are on such date in compliance with all the terms and provisions set forth in this Agreement and the Other Documents and (iii) on such date, no Default or Event of Default has occurred or is continuing;

(s) Undrawn Availability at Closing. Agent shall have received evidence satisfactory to it to the effect that after giving effect to the making of the Initial Revolving Advances hereunder, Borrowers shall have on the Closing Date Undrawn Availability of at least Two Million Dollars (\$2,000,000), it being agreed that such requirement shall only apply on the Closing Date and not thereafter;

(t) Subordination Agreement. Agent shall have received a Subordination Agreement from each Affiliate to which any Borrower is indebted on the Closing Date or is expected to become indebted thereafter, in form and substance satisfactory to Agent;

(u) Validity and Support Agreement. Agent shall have received a Validity and Support Agreement, in form and substance satisfactory to Agent, from each Principal (the "Validity Guaranty").

(v) Corporate and Legal Structure. Agent shall be satisfied with the corporate and legal structure and capitalization of Borrowers and their Subsidiaries;

(w) Long Term Indebtedness. Agent shall be reasonably satisfied with the terms and conditions of any existing long-term Indebtedness of the Loan Parties and Guarantors to remain outstanding after the Signing Date, and to the extent requested by Lender, each holder of such long-term Indebtedness shall have entered into a Subordination Agreement with Lender;

(x) Computer Information Systems. Agent shall be satisfied with Loan Parties' computer information systems and Loan Parties' ability to report information to Agent regarding the Collateral and Loan Parties' financial condition; and

(y) All Other Matters. Agent shall have received all Other Documents which Agent determines to be necessary to consummate the transactions contemplated to occur on or after the Signing Date pursuant to this Agreement, and all corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated herein shall be satisfactory in form and substance to Agent and its legal counsel.

9 . 2 Conditions to Each Revolving Advance. The agreement of Agent or any Lender to make any Revolving Advance requested to be made on any date (including, without limitation, the Initial Revolving Advance), is subject to the satisfaction of the following conditions precedent as of the date such Revolving Advance is made (each, a “Revolving Advance Request Date”):

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to this Agreement and any Other Document (including without limitation those made in Annex Two hereto) to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement or any related agreement shall be true and correct in all material respects on and as of such Revolving Advance Request Date as if made on and as of such Revolving Advance Request Date;

(b) No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Revolving Advances requested to be made, on such date and, in the case of the Initial Revolving Advance, after giving effect to the consummation of the transactions contemplated hereby; provided, however that Agent and Lenders, in their sole and absolute discretion, may continue to make Revolving Advances notwithstanding the existence of an Event of Default or Default and that any Revolving Advances so made shall not be deemed a waiver of any such Event of Default or Default;

(c) Maximum Revolving Advances. In the case of any Revolving Advance requested to be made, after giving effect thereto, the aggregate amount of all Revolving Advances shall not exceed the maximum amount of Revolving Advances permitted under Section 2.1 hereof; and

(d) Funding Requirements. As to each Revolving Advance made, the Funding Requirements shall have been completely fulfilled.

Each request for a Revolving Advance by any Loan Party hereunder shall constitute a representation and warranty by each Loan Party as of the date of such Revolving Advance that the conditions contained in this subsection shall have been satisfied.

10. INFORMATION AS TO LOAN PARTIES.

Each Loan Party shall, until satisfaction in full of the Obligations and the termination of this Agreement:

10.1 Disclosure of Material Matters. Immediately upon learning thereof, report to Agent all matters materially affecting the value, enforceability or collectibility of any portion of the Collateral including, without limitation, any Loan Party’s reclamation or repossession of, or the return to any Loan Party of, a material amount of goods or claims or disputes asserted by any Mortgagor Customer or other obligor.

10.2 Schedules. Deliver to Agent on or before the fifteenth (15th) day of each calendar month as and for the prior month (a) Receivables agings, and (b) accounts payable agings. In addition, each Loan Party will deliver to Agent at such intervals as Agent may require: (i) confirmatory assignment schedules, (ii) copies of each Mortgagor Customer's invoices, and (iii) such further schedules, documents and/or information regarding the Collateral as Agent, in its sole credit judgment, may require including, without limitation, trial balances and test verifications. Agent shall also have the right to confirm and verify all Receivables by any manner and through any medium it considers commercially advisable and do whatever it may deem commercially necessary to protect its interests hereunder. The items to be provided under this Section shall be in form satisfactory to Agent and executed by the Borrower Representative and delivered to Agent from time to time solely for Agent's convenience in maintaining records of the Collateral, and any failure to deliver any of such items to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral.

10.3 Environmental Compliance Certificate. Furnish Agent, at its request from time to time, with a certificate signed by a Designated Officer of Borrower Representative stating, to the best of his knowledge, that each Loan Party is in compliance in all material respects with Environmental Laws. To the extent any Loan Party is not in compliance with the foregoing laws, the certificate shall set forth with specificity all areas of non-compliance and the proposed action Loan Party will implement in order to achieve full compliance.

10.4 Litigation. Promptly notify Agent in writing of (i) any Commercial Tort Claim arising in a Loan Party's favor subsequent to the Signing Date or (ii) any litigation, suit or administrative proceeding affecting any Loan Party, whether or not the claim is covered by insurance, and of any suit or administrative proceeding, which in any such case could reasonably be expected to have a Material Adverse Effect on any Loan Party.

10.5 Material Occurrences. Promptly notify Agent in writing upon the occurrence of (a) any Event of Default or Default; (b) any event, development or circumstance whereby any financial statements or other reports furnished to Agent fail in any material respect to present fairly, in accordance with GAAP consistently applied, the financial condition or operating results of any Loan Party as of the date of such statements; (c) any accumulated retirement plan funding deficiency which, if such deficiency continued for two plan years and was not corrected as provided in Section 4971 of the Code, could subject any Loan Party to a tax imposed by Section 4971 of the Code; (d) each and every default by any Loan Party in respect of any Indebtedness which, individually or when aggregated, exceeds the Materiality Threshold and that could reasonably be expected to result in the acceleration of the maturity of any Indebtedness, including the names and addresses of the holders of such Indebtedness with respect to which there is a default existing or with respect to which the maturity has been or could be accelerated, and the amount of such Indebtedness; (e) the termination (or receipt of notice of pending termination) of any Material Agreement; and (f) any other development in the business or affairs of any Loan Party which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action that Loan Parties propose to take with respect thereto.

10.6 [Reserved].

10.7 Annual Financial Statements. Furnish Agent within ninety (90) days after the end of each Fiscal Year of Borrowers, audited financial statements of Borrowers on a consolidating and consolidated basis including statements of income and stockholders' equity and cash flow from the beginning of the current Fiscal Year to the end of such Fiscal Year and the balance sheet as at the end of such Fiscal Year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification by an independent certified public accounting firm selected by Borrowers and satisfactory to Agent (the "Accountants"). The report of the Accountants shall, if requested by the Agent, be accompanied by a statement of the Accountants certifying that (i) they have caused this Agreement to be reviewed, (ii) in making the examination upon which such report was based, either no information came to their attention which to their knowledge constituted an Event of Default or a Default under this Agreement or any Other Document or, if such information came to their attention, specifying any such Default or Event of Default, its nature, when it occurred and whether it is continuing, and such report shall contain or have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by the Financial Covenants. In addition, the reports shall be accompanied by a certificate of a Designated Officer of the Borrower Representative which shall state that, based on an examination sufficient to permit him to make an informed statement, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Borrowers with respect to such event, and such certificate shall have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by the Financial Covenants. Agent hereby acknowledges that Hoberman & Lesser, LLP is currently Sachem's Accountants and deems such firm is satisfactory.

10.8 Quarterly Financial Statements. Furnish Agent within forty five (45) days after the end of each Fiscal Quarter of Borrowers, financial statements of Borrowers on a consolidated and consolidating basis including unaudited statements of income and stockholders' equity and cash flow of Sachem reflecting results of operations from the beginning of the Fiscal Year to the end of such Fiscal Quarter and for such Fiscal Quarter, prepared on a basis consistent with prior practices but in accordance with GAAP and complete and correct in all material respects, subject to normal year-end adjustments (together with comparative reports for the corresponding period(s) in the prior Fiscal Year and for the projected reports for the current Fiscal Year required under Section 10.13). The reports shall be accompanied by a certificate signed by a Designated Officer of the Borrower Representative, substantially in the form of Exhibit 10.8 (a "Compliance Certificate"), which shall state that, based on an examination sufficient to permit him to make an informed statement, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Borrowers with respect to such default and, such certificate shall have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by the Financial Covenants.

10.9 [Reserved].

10.10 Borrowing Base Certificate. Deliver to Agent a certificate of a Designated Officer of Borrower Representative (a “Borrowing Base Certificate”) in the form of Exhibit 10.10 hereto or in such other form as maybe required or approved by Agent from time to time, which shall state the Borrowing Base as of the date thereof (including a calculation of such Borrowing Base). This Borrowing Base Certificate shall be delivered monthly, by the second Business Day of each calendar month, as of the last Business Day of the preceding calendar month, which shall include a reconciliation and “roll forward” from the prior month’s reporting thereof pursuant to Section 10.2.

10.11 Other Reports. Furnish Agent as soon as available, but in any event within ten (10) Business Days after the issuance thereof, with copies of such financial statements, reports and returns as each Loan Party shall send to the owners of its Equity Interests generally or filed with the U.S. Securities and Exchange Commission or any other Governmental Body.

10.12 Additional Information. Furnish Agent with such additional information as Agent shall reasonably request in order to enable Agent to determine whether the terms, covenants, provisions and conditions of this Agreement and the Notes have been complied with by Loan Parties including, without limitation and without the necessity of any request by Agent, (a) copies of all environmental audits and reviews, (b) at least thirty (30) days prior thereto, notice of any Loan Party’s opening or establishing of any new Collateral Location or any Loan Party’s closing of any existing Collateral Location, and (c) promptly upon any Loan Party’s learning thereof, notice of any labor dispute to which any Loan Party may become a party, any strikes or walkouts relating to any of its plants or other facilities, and the expiration of any labor contract to which any Loan Party is a party or by which any Loan Party is bound.

10.13 Projected Operating Budget. Furnish Agent, no later than March 31 of each Borrower’s Fiscal Years, commencing with its first Fiscal Year ending after the Signing Date, the following projections, on a month-to-month basis for such Fiscal Year, for Borrower and its Subsidiaries, on a consolidated and consolidating basis, to-wit operating budget, balance sheet, income statement, statement of cash flow, Financial Covenant compliance (including projected amounts of all financial components used in determining compliance) and borrowing availability, such projections to be accompanied by a certificate signed by a Designated Officer of the Borrower Representative to the effect that such projections have been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements and that such officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared.

10.14 [Reserved].

10.15 Notice of Suits, Adverse Events. Furnish Agent with prompt notice of (i) any lapse or other termination of any Consent issued to any Loan Party by any Governmental Body or any other Person that is material to the operation of any Loan Party’s business, (ii) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (iii) copies of any periodic or special reports filed by any Loan Party with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Loan Party, or if copies thereof are requested by Agent, and (iv) copies of any material notices and other communications from any Governmental Body or Person which specifically relate to any Loan Party.

10.16 ERISA Notices and Requests. Furnish Agent with immediate written notice in the event that (i) any Loan Party or any member of the Controlled Group knows or has reason to know that a Termination Event has occurred, together with a written statement describing such Termination Event and the action, if any, which such Loan Party or member of the Controlled Group has taken, is taking, or proposes to take with respect thereto and, when known, any action taken or threatened by the IRS, Department of Labor or PBGC with respect thereto, (ii) any Loan Party or any member of the Controlled Group knows or has reason to know that a prohibited transaction (as defined in Sections 406 of ERISA and 4975 of the Code) has occurred together with a written statement describing such transaction and the action which such Loan Party or any member of the Controlled Group has taken, is taking or proposes to take with respect thereto, (iii) a funding waiver request has been filed with respect to any Plan together with all communications received by any Loan Party or any member of the Controlled Group with respect to such request, (iv) any increase in the benefits of any existing Plan or the establishment of any new Plan or the commencement of contributions to any Plan to which any Loan Party or any member of the Controlled Group was not previously contributing shall occur, (v) any Loan Party or any member of the Controlled Group shall receive from the PBGC a notice of intention to terminate a Plan or to have a trustee appointed to administer a Plan, together with copies of each such notice, (vi) any Loan Party or any member of the Controlled Group shall receive any favorable or unfavorable determination letter from the IRS regarding the qualification of a Plan under Section 401(a) of the Code, together with copies of each such letter; (vii) any Loan Party or any member of the Controlled Group shall receive a notice regarding the imposition of withdrawal liability, together with copies of each such notice; (viii) any Loan Party or any member of the Controlled Group shall fail to make a required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or payment; (ix) any Loan Party or any member of the Controlled Group knows that (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, or (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan.

10.17 Intellectual Property. Notify Agent promptly if, subsequent to the Signing Date, any Loan Party applies for, or acquires, any patent, trademark or copyright registered (or registrable) under the federal law, and execute and deliver to Agent, upon request, such documents and agreements as Agent may request to evidence, confirm or perfect Agent's Lien on and security interest in such Collateral.

10.18 Additional Documents. Execute and deliver to Agent, upon request, such documents and agreements as Agent may, from time to time, reasonably request to carry out the purposes, terms or conditions of this Agreement.

10.19 Mortgage File Reports. On the fifteenth (15th) day of each calendar month, the Loan Parties shall provide the Agent with a report with respect to each Mortgage File, which report shall include, among other items, (a) a summary of each Loan Party's delinquency and loss experience and payment history with respect to all Mortgage Loans pledged to Agent, plus any such additional reports as the Agent may reasonably request with respect to each Loan Party's or any servicer's servicing portfolio or pending originations of Mortgage Loans and (b) any other information reasonably requested by Agent with respect to the Mortgage Loans.

11. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an “Event of Default”:

11.1 Obligations. Failure by any Loan Party to pay any Obligations when due, whether at maturity or by reason of acceleration pursuant to the terms of this Agreement or by notice of intention to prepay, or by required prepayment or failure to pay any other liabilities or make any other payment, fee or charge provided for herein when due or in any Other Document;

11.2 Misrepresentations. Any representation or warranty of any material fact, circumstance or condition made or deemed made by any Loan Party in this Agreement, any Other Document or any related agreement or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been misleading in any material respect on the date when made or deemed to have been made;

11.3 Financial Information. Failure by any Loan Party to (i) furnish financial information required by Sections 10.2, 10.7, 10.8, and 10.10 when due, (ii) any other information when requested pursuant hereto which is unremedied for a period of five (5) Business Days, or (iii) permit the inspection of its books or records by Agent when requested pursuant hereto;

11.4 Liens. Issuance of a notice of Lien, levy, assessment, injunction or attachment against a material portion of any Loan Party’s property which is not stayed or lifted within sixty (60) days (but not later than its being executed, however);

11.5 Covenants. Either (i) except as otherwise provided in Section 11.3(i) above or clause (ii) below of this Section 11.5, failure or neglect of any Loan Party to perform, keep or observe any term, provision, condition, covenant herein contained, or contained in any Other Document, now or hereafter entered into between any Loan Party and Agent or any Lender (without any cure or grace period); or (ii) a failure or neglect of Loan Parties to perform, keep or observe any term, provision, condition or covenant, contained in Sections 4.6, 4.7, 4.9, 4.11, 6.3, 6.4, 10.4 or 10.6 hereof which is not cured within fifteen (15) days from the occurrence of such failure or neglect;

11.6 Judgments. Any judgment or judgments are rendered or judgment liens filed against any Loan Party for an aggregate amount in excess of the Materiality Threshold which within thirty (30) days of such rendering or filing (but not later than its being executed, however) is not satisfied, stayed, bonded or discharged of record;

11.7 Voluntary Bankruptcy. Any Loan Party, any Subsidiary of any Loan Party or any Guarantor shall (i) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of creditors, (iii) commence a voluntary case under any state or federal bankruptcy laws (as now or hereafter in effect), (iv) be adjudicated a bankrupt or insolvent, (v) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (vi) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (vii) file a petition seeking to take advantage of any other law providing for the relief of debtors, or (viii) take any action for the purpose of effecting any of the foregoing;

11.8 Insolvency. Any Loan Party shall admit in writing its inability, or be generally unable, to pay its Indebtedness as it becomes due or shall cease operations of its present business;

11.9 Involuntary Bankruptcy. Any Loan Party, any Subsidiary of a Loan Party or any Guarantor shall acquiesce in, or fail to have dismissed, within sixty (60) days, any petition filed against it in any involuntary case under any state or federal bankruptcy laws (as now or hereafter in effect), or take any action for the purpose of effecting any of the foregoing;

11.10 Material Adverse Changes. Any change in any Loan Party's condition or affairs (financial or otherwise) which has a Material Adverse Effect;

11.11 Agent's Liens. Any Lien created hereunder or provided for hereby or under any related agreement for any reason ceases to be or is not a valid and perfected Lien having a first priority interest;

11.12 Subordinated Debt. A default or event of default shall occur under or in respect of any Subordinated Debt, which default shall not have been cured or waived within any applicable grace period, or if any Person party to a Subordination Agreement breaches or violates, or attempts to terminate or challenge the validity of, such agreement, or any payment is made or received in respect of any Subordinated Debt in violation of the Subordination Agreement;

11.13 Cross Default. Either (x) any specified "event of default" under any Indebtedness (other than the Obligations) of any Loan Party, any of its Subsidiaries or any Guarantor with a then-outstanding principal balance (or, in the case of any Indebtedness not so denominated, with a then-outstanding total obligation amount) of \$250,000 or more, or any other event or circumstance which would permit the holder of any such Indebtedness of any Loan Party, any of its Subsidiaries or any Guarantor to accelerate such Indebtedness (and/or the obligations of Loan Party thereunder) prior to the scheduled maturity or termination thereof, shall occur (regardless of whether the holder of such Indebtedness shall actually accelerate, terminate or otherwise exercise any rights or remedies with respect to such Indebtedness), or (y) a default of the obligations of any Loan Party, any of its Subsidiaries or any Guarantor under any Material Agreement to which it is a party shall occur which has or is reasonably likely to have a Material Adverse Effect;

11.14 Guaranty. Termination or breach of any Guaranty, security agreement, Pledge Agreement or similar agreement executed and delivered to Agent in connection with the Obligations of any Loan Party, or if any Guarantor attempts to terminate, challenges the validity of, or its liability under, any such Guaranty, security agreement, Pledge Agreement or similar agreement;

11.15 Change of Control. Any Change of Control shall occur;

11.16 Change of Management. Any Change of Management shall occur;

11.17 Invalidity. Any material provision of this Agreement or any Other Document shall, for any reason, cease to be valid and binding on any Loan Party, or any Loan Party shall so claim in writing to Agent;

11.18 Takings. (i) Any Governmental Body shall (A) revoke, terminate, suspend or adversely modify any license, permit, patent trademark or trade name of any Loan Party, the continuation of which is material to the continuation of any Loan Party's business, or (B) commence proceedings to suspend, revoke, terminate or adversely modify any such license, permit, trademark, trade name or patent and such proceedings shall not be dismissed or discharged within sixty (60) days or (ii) any Material Agreement shall be revoked or terminated and not replaced by a substitute acceptable to Agent within thirty (30) days after the date of such revocation or termination, and such revocation or termination and non-replacement would reasonably be expected to have a Material Adverse Effect on any Loan Party;

11.19 Seizures. Any material portion of the Collateral shall be seized or taken by a Governmental Body, or any Loan Party or the title and rights of any Loan Party shall have become the subject matter of litigation which could reasonably be expected, in the opinion of Agent, upon final determination, to result in impairment or loss of the security provided by this Agreement or the Other Documents;

11.20 Plans. An event or condition specified in Sections 7.16 or 10.15 hereof shall occur or exist with respect to any Plan and, as a result of such event or condition, together with all other such events or conditions, any Loan Party or any member of the Controlled Group shall incur, or in the opinion of Agent be reasonably likely to incur, a liability to a Plan or the PBGC (or both) which, in the reasonable judgment of Agent, would have a Material Adverse Effect on any Loan Party; or

11.21 Criminal Charges. Any Loan Party, or any Principal shall become the subject of a criminal indictment in respect of or pertaining to, the operation or conduct of a Loan Party's business, its reporting of any financial data, its application for, or receipt of, any credit, its "laundering" of any funds or its non-payment (or underpayment) of any taxes or any other Charges, or shall admit its guilt or complicity in respect of any of the foregoing, or shall pay any fine or suffer any penalty in respect thereof (including as part of any plea bargain or arrangement).

11.22 REIT Status. Sachem shall fail to maintain its status as a REIT.

12. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

12.1 Rights and Remedies. Upon and after the occurrence of an Event of Default pursuant to Sections 11.7, 11.8 or 11.9, all Obligations shall be immediately due and payable and this Agreement and all Commitments of Lenders shall be deemed terminated. Upon the occurrence of any other Event of Default not specified in the preceding sentence, and at any time thereafter during the continuation of such Event of Default, Agent may, and at the direction of the Required Lenders shall, declare all Obligations to be immediately due and payable and Agent or the Required Lenders shall have the right to terminate this Agreement and to terminate the Commitments of Lenders to make Revolving Advances. Upon and after the occurrence of any Event of Default, and during its continuation, Agent shall have the right to exercise any and all other rights and remedies provided for herein, the Other Documents, under the Uniform Commercial Code and at law or equity generally, including, without limitation, the right to (i) foreclose the security interests granted herein and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process and (ii) exercise all rights and powers with respect to the Collateral as Loan Party might exercise (including, without limitation, taking any action permitted under any power of attorney received by Agent with respect to any collateral securing any Mortgage Loan, except as may be limited by applicable Law). Agent may enter any Loan Party's premises or other premises without legal process and without incurring liability to any Loan Party therefor, and Agent may thereupon, or at any time thereafter, in its discretion without notice or demand, take the Collateral and remove the same to such place as Agent may deem advisable and Agent may require Loan Parties to make the Collateral available to Agent at a convenient place. With or without having the Collateral at the time or place of sale, Agent may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Agent may elect. Except as to that part of the Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Loan Parties reasonable notification of such sale or sales, it being agreed that in all events written notice mailed to Loan Parties at least ten (10) Business Days prior to such sale or sales is reasonable notification. At any public sale Agent or any Lender may bid for and become the purchaser, and Agent or any Lender, or any other purchaser at any such sale thereafter shall hold the Collateral sold absolutely free from any claim or right of whatsoever kind, including any equity of redemption and such right and equity are hereby expressly waived and released by each Loan Party. In connection with the exercise of the foregoing remedies, Agent is granted permission to use all of each Loan Party's trademarks, trade styles, trade names, patents, patent applications, licenses, franchises and other proprietary rights which are used in connection with any Collateral.

12.2 Allocation of Payments after Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by Agent on account of the Obligations, or in respect of the Collateral may, at Agent's discretion, be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of Agent in connection with enforcing its rights and the rights of Lenders under this Agreement and the Other Documents, and any Out-of-Formula Loans and Protective Advances funded by Agent with respect to the Collateral under or pursuant to the terms of this Agreement;

SECOND, to payment of any fees owed to Agent (including, without limitation, fees owed to Agent pursuant to the Fee Letter);

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of each of the Lenders to the extent owing to such Lender pursuant to the terms of this Agreement;

FOURTH, to the payment of all Obligations arising under this Agreement and the Other Documents consisting of accrued fees and interest (other than Obligations in respect of Bank Products and Agent's fees as set forth above);

FIFTH, to the payment of the outstanding principal amount of the Obligations arising under this Agreement (other than Obligations in respect of Bank Products);

SIXTH, to the payment of liabilities owing under any Agent Provided Bank Products to the extent not paid under "FIRST" through "FIFTH" above;

SEVENTH, to the payment of liabilities owing under any Bank Products other than Agent Provided Bank Products to the extent not paid under "FIRST" through "SIXTH" above;

EIGHTH, to the payment of all other Obligations arising under this Agreement which shall have become due and payable (hereunder, under the Other Documents or otherwise) and not repaid pursuant to clauses "FIRST" through "SEVENTH" above; and

NINTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; and (ii) each of the Lenders shall receive (so long as it is not a Defaulting Lender) an amount equal to its pro rata share (based on the proportion that the then outstanding Revolving Advances held by such Lender bears to the aggregate then outstanding Revolving Advances) of amounts available to be applied pursuant to clauses "FOURTH", "FIFTH", "SEVENTH" and "EIGHTH" above.

12.3 Agent's Discretion. Agent and Required Lenders shall have the right in their sole discretion to determine which rights, Liens, security interests or remedies Agent may at any time pursue, relinquish, subordinate, or modify, which procedures, timing and methodologies to employ, or to take any other action with respect thereto and such determination will not in any way modify or affect Agent's or any Lender's rights hereunder.

12.4 Setoff. In addition to any other rights which any Lender Party may have under applicable law, upon the occurrence of an Event of Default hereunder, each Lender Party shall have a right to apply any Loan Party's property held by it to reduce the Obligations.

12.5 Rights and Remedies not Exclusive. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any right or remedy shall not preclude the exercise of any other right or remedies provided for herein or in any Other Document or otherwise provided by law, all of which shall be cumulative and not alternative.

13. WAIVERS AND JUDICIAL PROCEEDINGS.

13.1 Waiver of Notice. Each Loan Party hereby waives notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

13.2 Delay. No delay or omission on Agent or any Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any default.

13.3 Jury Waiver. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER DOCUMENT, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER DOCUMENT OR THE RELATED TRANSACTIONS, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

14. EFFECTIVE DATE AND TERMINATION.

14.1 Term; Early Termination Fee. This Agreement, which shall inure to the benefit of and shall be binding upon, the respective successors and permitted assigns of each Loan Party, Agent and Lenders, shall become effective on the Closing Date and shall continue in full force and effect until that date which is the fourth (4th) anniversary of the Closing Date (the "Term") unless sooner terminated as herein provided. Borrower may terminate this Agreement at any time upon ninety (90) days' prior written notice upon payment in full of the Obligations. In the event the Obligations are prepaid in full prior to the last day of the Term (the date of such prepayment hereinafter referred to as the "Early Termination Date"), Borrower shall pay to Agent, for the ratable benefit of the Lenders, an early termination fee (the "Early Termination Fee"), for the loss of its bargain (and not as a penalty) in an amount equal to (i) one percent (1%) of the Maximum Revolving Amount, if the Early Termination Date occurs during the first Loan Year, (ii) three quarters of one percent (0.75%) of the Maximum Revolving Amount if the Early Termination Date occurs during the second Loan Year, (iii) one half of one percent (0.50%) of the Maximum Revolving Amount if the Early Termination Date occurs during the third Loan Year and (iv) zero percent (0%) if the early termination occurs during the fourth year of the but before the stated expiration of the Term.

14.2 Termination. The termination of the Agreement shall not affect any Loan Party's, Agent's, any Lender's, the Bank's, or any other Lender Party's rights, or any of the Obligations having their inception prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights or interests created or Obligations have been fully disposed of, concluded or liquidated. The security interests, Liens and rights granted to Agent, the Lenders, the Bank, and the other Lender Parties hereunder and the financing statements filed hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that Borrowers' Account may from time to time be temporarily in a zero or credit position, until all of the Obligations of each Loan Party have been paid or performed in full after the termination of this Agreement or each Loan Party has furnished Agent, Lenders, the Bank, and the other Lender Parties with an indemnification satisfactory to such parties with respect thereto and an unconditional release from any liabilities hereunder. Accordingly, each Loan Party waives any rights which it may have under the applicable provisions of the Uniform Commercial Code to demand the filing of termination statements with respect to the Collateral, and neither Agent nor any Lender shall be required to send such termination statements to each Loan Party, or to file them with any filing office, unless and until this Agreement shall have been terminated in accordance with its terms and all Obligations paid in full in immediately available funds. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until all Obligations are paid or performed in full.

15. MULTIPLE LOAN PARTIES.

15.1 Borrowing Agency Provisions. If and to the extent that at any time or from time to time there are multiple Loan Parties, then:

(a) Each Loan Party acknowledges that it, together with each other Loan Party, make up a related organization of various entities constituting a single economic and business enterprise and sharing a substantial identity of interests such that, without limitation, Loan Parties render services to or for the benefit of each other, purchase or sell and supply goods to or from or for the benefit of each other, make loans, advances and provide other financial accommodations to or for the benefit of each other (including the payment of creditors and guarantees of Indebtedness), provide administrative, marketing, payroll and management services to or for the benefit of each other; have centralized accounting, common officers and directors; and are in certain circumstances are identified to creditors as a single economic and business enterprise. Accordingly, and without limitation, any credit or other financial accommodation extended to anyone Loan Party pursuant hereto will result in direct and substantial economic benefit to each other Loan Party, and each Loan Party will likewise benefit from the economies of scale associated with the Loan Parties, as a group, applying for credit or other financial accommodations pursuant hereto on a collective basis.

(b) Each Loan Party hereby irrevocably designates Borrower Representative to be its attorney and agent and in such capacity to borrow, sign and endorse notes, and execute and deliver all instruments, documents, writings and further assurances now or hereafter required hereunder, on behalf of such Loan Party or Loan Parties, and hereby authorizes Agent and Lenders to pay over or credit all loan proceeds hereunder in accordance with the request of Borrower Representative.

(c) The handling of this credit facility as a co-borrowing facility with a Borrower Representative in the manner set forth in this Agreement is solely as an accommodation to Loan Parties and at their request. None of the Lender Parties shall incur any liability to Loan Parties as a result thereof. To induce the Lender Parties to do so and in consideration thereof, each Loan Party hereby indemnifies the Lender Parties and holds the Lender Parties harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against the Lender Parties by any Person arising from or incurred by reason of the handling of the financing arrangements of Loan Parties as provided herein, reliance by any of the Lender Parties on any request or instruction from Borrower Representative or any other action taken by any of the Lender Parties with respect to this Section except due to willful misconduct or gross (not mere) negligence by the indemnified party.

(d) All Obligations shall be joint and several, and each Loan Party shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Loan Party shall in no way be affected by any extensions, renewals and forbearance granted by Agent or any Lender to any Loan Party, failure of Agent or Lenders to give any Loan Party notice of borrowing or any other notice, any failure of Agent or Lenders to pursue or preserve its rights against any Loan Party, the release by Agent of any Collateral now or thereafter acquired from any Loan Party, and such agreement by each Loan Party to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Agent to the other Loan Parties or any Collateral for such Loan Party's Obligations or the lack thereof.

15.2 Waiver of Subrogation. Each Loan Party expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Loan Party may now or hereafter have against the other Loan Parties or other Person directly or contingently liable for the Obligations hereunder, or against or with respect to the other Loan Parties' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

16. REGARDING AGENT.

16.1 Appointment. Each Lender hereby designates WBCC to act as Agent for such Lender under this Agreement and the Other Documents. Each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto and Agent shall hold all Collateral, payments of principal and interest (except as otherwise set forth herein), fees (except the fees set forth in any Fee Letter), charges and collections received pursuant to this Agreement, for the ratable benefit of Lenders. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement (including collection of the Note) Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of Required Lenders, and such instructions shall be binding; provided, however, that Agent shall not be required to take any action which, in Agent's discretion, exposes Agent to liability or which is contrary to this Agreement or the Other Documents or any applicable law unless Agent is furnished with an indemnification reasonably satisfactory to Agent with respect thereto.

16.2 Nature of Duties. Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Other Documents. Neither Agent nor any of its officers, directors, employees or agents shall be (i) liable for any action taken or omitted by them as such hereunder or in connection herewith, unless caused by their gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), or (ii) responsible in any manner for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement, or in any of the Other Documents or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Other Documents or for the value, validity, effectiveness, genuineness, due execution, enforceability or sufficiency of this Agreement, or any of the Other Documents or for any failure of any Loan Party to perform its obligations hereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the Other Documents, or to inspect the properties, books or records of any Loan Party. The duties of Agent as respects the Revolving Advances to Borrowers shall be mechanical and administrative in nature; Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender; and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement or the transactions described herein except as expressly set forth herein.

16.3 Lack of Reliance on Agent. Independently and without reliance upon Agent or any other Lender, each Lender has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Loan Party in connection with the making and the continuance of the Revolving Advances hereunder and the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of each Loan Party. Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Revolving Advances or at any time or times thereafter except as shall be provided by any Loan Party pursuant to the terms hereof. Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any agreement, document, certificate or a statement delivered in connection with or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any Other Document, or of the financial condition of any Loan Party, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Note, the Other Documents or the financial condition or prospects of any Loan Party, or the existence of any Event of Default or any Default.

16.4 Resignation of Agent; Successor Agent. Agent may resign on sixty (60) days written notice to each Lender and Borrower Representative and upon such resignation, Required Lenders will promptly designate a successor Agent reasonably satisfactory to Loan Parties (provided that no such approval by Loan Parties shall be required (i) in any case where the successor Agent is one of the Lenders or (ii) after the occurrence and during the continuance of any Event of Default). Any such successor Agent shall succeed to the rights, powers and duties of Agent, and shall in particular succeed to all of Agent's right, title and interest in and to all of the Liens in the Collateral securing the Obligations created hereunder or any Other Document (including any Mortgages and all account control agreements), and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent. However, notwithstanding the foregoing, if at the time of the effectiveness of the new Agent's appointment, any further actions need to be taken in order to provide for the legally binding and valid transfer of any Liens in the Collateral from former Agent to new Agent and/or for the perfection of any Liens in the Collateral as held by new Agent or it is otherwise not then possible for new Agent to become the holder of a fully valid, enforceable and perfected Lien as to any of the Collateral, former Agent shall continue to hold such Liens solely as agent for perfection of such Liens on behalf of new Agent until such time as new Agent can obtain a fully valid, enforceable and perfected Lien on all Collateral, provided that Agent shall not be required to or have any liability or responsibility to take any further actions after such date as such agent for perfection to continue the perfection of any such Liens (other than to forego from taking any affirmative action to release any such Liens). After Agent's resignation as Agent, the provisions of this Article 16, and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement (and in the event resigning Agent continues to hold any Liens pursuant to the provisions of the immediately preceding sentence, the provisions of this Article 16 and any indemnification rights under this Agreement, including without limitation, rights arising under Section 16.5 hereof, shall inure to its benefit as to any actions taken or omitted to be taken by it in connection with such Liens).

16.5 Certain Rights of Agent. If Agent shall request instructions from Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any Other Document, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from Required Lenders; and Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, Lenders shall not have any right of action whatsoever against Agent as a result of its acting or refraining from acting hereunder in accordance with the instructions of Required Lenders.

16.6 Reliance. Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, email, facsimile, telex, teletype or telecopier message, cablegram, order or other document or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to this Agreement and the Other Documents and its duties hereunder, upon advice of counsel selected by it. Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

16.7 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder or under the Other Documents, unless Agent has received notice from a Lender or Borrower Representative referring to this Agreement or the Other Documents, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by Required Lenders; provided, that, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of Lenders.

16.8 Indemnification. To the extent Agent is not reimbursed and indemnified by Loan Parties, each Lender severally agrees to reimburse and indemnify Agent in proportion to its respective portion of the outstanding Revolving Advances (or, if no Revolving Advances are outstanding, pro rata according to the percentage that its Revolving Commitment Amount constitutes of the total aggregate Revolving Commitment), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in performing its duties hereunder, or in any way relating to or arising out of this Agreement or any Other Document; provided that Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent’s gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment).

16.9 Agent in its Individual Capacity. With respect to the obligation of Agent to lend under this Agreement, the Revolving Advances made by it shall have the same rights and powers hereunder as any other Lender and as if it were not performing the duties as Agent specified herein; and the term “Lender” or any similar term shall, unless the context clearly otherwise indicates, include Agent in its individual capacity as a Lender. Agent may engage in business with any Loan Party as if it were not performing the duties specified herein, and may accept fees and other consideration from any Loan Party for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

16.10 Delivery of Documents. To the extent Agent (i) receives schedules, financial statements, projections or reports required under Sections 10.2, 10.7, 10.8, 10.13, 10.19 or Borrowing Base Certificates from any Loan Party pursuant to the terms of this Agreement or (ii) prepares or receives any report or document showing the results of appraisals (other than appraisals included in any Mortgage File, which shall be available to Lenders upon request) or environmental reports or field examinations conducted pursuant to the terms of this Agreement (each, a “Report” and collectively with the items in clause (i) above, the “Borrower Materials”), Agent will promptly furnish such documents and information to Lenders to the extent Borrower is not obligated to deliver such documents and information to each Lender under this Agreement. Each Lender agrees (a) that Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing an audit or examination will inspect only limited information and will rely significantly upon Loan Parties’ books, records and representations; (b) that Agent makes no representation or warranty as to the accuracy or completeness of any Borrower Materials and shall not be liable for any information contained in or omitted from any Borrower Materials, including any Report; and (c) to keep all Borrower Materials confidential and strictly for such Lender’s internal use, not to distribute any Report or other Borrower Materials (or the contents thereof) to any Person (except to such Lender’s Participants, attorneys and accountants), and to use all Borrower Materials solely for administration of the Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Borrower Materials, as well as from any claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind arising as a direct or indirect result of Agent furnishing same to such Lender.

16.11 Loan Parties Undertaking to Agent. Without prejudice to their respective obligations to Lenders under the other provisions of this Agreement, each Loan Party hereby undertakes with Agent to pay to Agent from time to time on demand all amounts from time to time due and payable by it for the account of Agent or Lenders or any of them pursuant to this Agreement to the extent not already paid. Any payment made pursuant to any such demand shall pro tanto satisfy the relevant Loan Party's obligations to make payments for the account of Lenders or the relevant one or more of them pursuant to this Agreement.

16.12 No Reliance on Agent's Customer Identification Program. To the extent the Revolving Advances or this Agreement is, or becomes, syndicated in cooperation with other Lenders, each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of Loan Parties, their Affiliates or their agents, the Other Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such Anti-Terrorism Laws.

16.13 Other Agreements. Each of the Lenders agrees that it shall not, without the express consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the request of Agent, set off against the Obligations, any amounts owing by such Lender to any Loan Party or any deposit accounts of any Loan Party now or hereafter maintained with such Lender. Anything in this Agreement to the contrary notwithstanding, each of the Lenders further agrees that it shall not, unless specifically requested to do so by Agent, take any action to protect or enforce its rights arising out of this Agreement or the Other Documents, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Other Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders.

16.14 Other Agents. The designation of any Lender as "Co-Syndication Agent" shall not confer upon it any right, power, obligation, liability, responsibility or duty under this Agreement. Without limiting the foregoing, none of the Lenders, or Affiliates thereof, so identified as "Co-Syndication Agent" shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the parties so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

17. MISCELLANEOUS.

17.1 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLIED TO CONTRACTS TO BE PERFORMED WHOLLY WITHIN THE STATE OF NEW YORK. ANY JUDICIAL PROCEEDING BROUGHT BY OR AGAINST ANY LOAN PARTY WITH RESPECT TO ANY OF THE OBLIGATIONS, THIS AGREEMENT OR ANY OTHER DOCUMENT MAY BE BROUGHT IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK, UNITED STATES OF AMERICA, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENT. EACH LOAN PARTY HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL (RETURN RECEIPT REQUESTED) DIRECTED TO BORROWING REPRESENTATIVE AT ITS ADDRESS SET FORTH IN SECTION 17.6 AND SERVICE SO MADE SHALL BE DEEMED COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE MAILED OF THE UNITED STATES OF AMERICA, OR, AT THE AGENT'S AND/OR ANY LENDER'S OPTION, BY SERVICE UPON THE SECRETARY OF STATE OF THE STATE OF NEW YORK, WHICH EACH LOAN PARTY IRREVOCABLY APPOINTS AS SUCH LOAN PARTY'S AGENT FOR THE PURPOSE OF ACCEPTING SERVICE WITHIN THE STATE OF NEW YORK. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF AGENT TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION. EACH LOAN PARTY WAIVES ANY OBJECTION TO JURISDICTION AND VENUE OF ANY ACTION INSTITUTED HEREUNDER AND SHALL NOT ASSERT ANY DEFENSE BASED ON LACK OF JURISDICTION OR VENUE OR BASED UPON FORUM NON CONVENIENS. ANY JUDICIAL PROCEEDING BY ANY LOAN PARTY AGAINST AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER OR CLAIM IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER DOCUMENT, SHALL BE BROUGHT ONLY IN A FEDERAL OR STATE COURT LOCATED IN THE CITY OF NEW YORK, STATE OF NEW YORK.

17.2 Entire Understanding.

(a) This Agreement and the Other Documents executed concurrently herewith contain the entire understanding between and among each Loan Party, Agent and each Lender and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by the respective officers of the party making such promises, representations, warranties, or guarantees. Neither this Agreement nor any Other Document nor any portion or provisions hereof or thereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Each Loan Party acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the Other Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement or any Other Document.

(b) Required Lenders, Agent with the consent in writing of Required Lenders, and Loan Parties may, subject to the provisions of this Section 17.2(b), from time to time enter into written supplemental agreements to this Agreement or the Other Documents executed by Loan Parties, for the purpose of adding or deleting any provisions or otherwise changing, varying or waiving in any manner the rights of Lenders, Agent or Loan Parties thereunder or the conditions, provisions or terms thereof or waiving any Event of Default thereunder, but only to the extent specified in such written agreements; provided, however, that no such supplemental agreement shall:

- (i) increase the Revolving Commitment Percentage or the maximum dollar amount of the Revolving Commitment Amount of any Lender without the consent of such Lender directly affected thereby;
- (ii) whether or not any Revolving Advances are outstanding, extend the Term or the time for payment of principal or interest of any Revolving Advance (excluding the due date of any mandatory prepayment of an Revolving Advance), or any fee payable to any Lender, or reduce the principal amount of or the rate of interest borne by any Revolving Advances or reduce any fee payable to any Lender, without the consent of each Lender directly affected thereby (except that Required Lenders may elect to waive or rescind any imposition of the Default Rate under Section 3.1 hereof or of default rates of letter of credit fees (unless imposed by Agent));
- (iii) increase the Maximum Revolving Amount without the consent of all Lenders;
- (iv) alter the definition of the term “Required Lenders” or alter, amend or modify this Section 17.2(b) without the consent of all Lenders;
- (v) alter, amend or modify the provisions of Section 12.2 hereof without the consent of all Lenders;
- (vi) release and/or subordinate Agent’s Liens on any Collateral during any calendar year (other than in accordance with the provisions of this Agreement) having an aggregate value in excess of the Materiality Threshold without the consent of all Lenders;
- (vii) change the rights and duties of Agent without the consent of all Lenders;
- (viii) subject to clause (e) below, permit any Revolving Advance to be made if after giving effect thereto the total of Revolving Advances outstanding hereunder would exceed the Borrowing Base for more than sixty (60) consecutive Business Days or exceed one hundred and ten percent (110%) of the Borrowing Base without the consent of each Lender directly affected thereby;

(ix) increase the Applicable Advance Rate above the Applicable Advance Rate in effect on the Closing Date or alter the definition of “Eligible Mortgage Loans” (or adjust the applicability of the criteria therein, including, without limitation, any part of Annex Two, Part I hereof, the definition of Funding Cap, or the definition of Funding Requirements) in a manner that has the effect of increasing the Borrowing Base or the availability of Revolving Advances, in any case, without the consent of all Lenders;

(x) release any Loan Party without the consent of all Lenders; or

(xi) permit Borrower to assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Agent and each Lender.

(c) Any such supplemental agreement shall apply equally to each Lender and shall be binding upon Loan Parties, Lenders and Agent and all future holders of the Obligations. In the case of any waiver, Loan Parties, Agent and Lenders shall be restored to their former positions and rights, and any Event of Default waived shall be deemed to be cured and not continuing, but no waiver of a specific Event of Default shall extend to any subsequent Event of Default (whether or not the subsequent Event of Default is the same as the Event of Default which was waived), or impair any right consequent thereon.

(d) In the event that Agent requests the consent of a Lender pursuant to this Section 17.2 and such consent is denied, then Agent may, at its option, require such Lender to assign its interest in the Revolving Advances to Agent or to another Lender or to any other Person designated by Agent (the “Designated Lender”), for a price equal to (i) the then outstanding principal amount thereof plus (ii) accrued and unpaid interest and fees due such Lender, which interest and fees shall be paid when collected from Loan Parties. In the event Agent elects to require any Lender to assign its interest to Agent or to the Designated Lender, Agent will so notify such Lender in writing within forty five (45) days following such Lender’s denial, and such Lender will assign its interest to Agent or the Designated Lender no later than five (5) days following receipt of such notice pursuant to a Commitment Transfer Supplement executed by such Lender, Agent or the Designated Lender, as appropriate, and Agent.

(e) Notwithstanding (i) the existence of a Default or an Event of Default, (ii) that any of the other applicable conditions precedent set forth in Section 9.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, or (iii) any other contrary provision of this Agreement, Agent may at its discretion and without the consent of any Lender, voluntarily permit the outstanding Revolving Advances at any time to exceed the Borrowing Base by up to ten percent (10%) of the Borrowing Base for up to thirty (30) consecutive days (the “Out-of-Formula Loans”); provided, that, Required Lenders may at any time revoke Agent’s authorization to make or permit Out-of-Formula Loans under this Section 17.2(e) and any such revocation must be in writing and shall become effective prospectively upon the Agent’s receipt thereof. If Agent is willing in its sole and absolute discretion to permit such Out-of-Formula Loans, Lenders holding the Revolving Commitments shall be obligated to fund such Out-of-Formula Loans in accordance with their respective Revolving Commitment Percentages, and such Out-of-Formula Loans shall be payable on demand and shall bear interest at the Default Rate for Revolving Advances; provided that, if Agent does permit Out-of-Formula Loans, neither Agent nor Lenders shall be deemed thereby to have changed the limits of Section 2.1(a) nor shall any Lender be obligated to fund Revolving Advances in excess of its Revolving Commitment. For purposes of this paragraph, the discretion granted to Agent hereunder shall not preclude involuntary Overadvances that may result from time to time due to the fact that the Borrowing Base was unintentionally exceeded for any reason, including, but not limited to, Collateral previously deemed to be “Eligible Mortgage Loans”, becomes ineligible, collections of Receivables applied to reduce outstanding Revolving Advances are thereafter returned for insufficient funds or Overadvances are made to protect or preserve the Collateral. In the event Agent involuntarily permits the outstanding Revolving Advances to exceed the Borrowing Base by more than ten percent (10%), Agent shall use its efforts to have Loan Parties decrease such excess in as expeditious a manner as is practicable under the circumstances and not inconsistent with the reason for such excess. Revolving Advances made after Agent has determined the existence of involuntary Overadvances shall be deemed to be involuntary Overadvances and shall be decreased in accordance with the preceding sentence. To the extent any Out-of-Formula Loans are not actually funded by the other Lenders as provided for in this Section 17.2(e), Agent may elect in its discretion to fund such Out-of-Formula Loans and any such Out-of-Formula Loans so funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

(f) In addition to (and not in substitution of) the discretionary Revolving Advances permitted above in this Section 17.2, Agent is hereby authorized by Loan Parties and Lenders, at any time in Agent’s sole discretion, regardless of (i) the existence of a Default or an Event of Default, (ii) whether any of the other applicable conditions precedent set forth in Section 9.2 hereof have not been satisfied or the commitments of Lenders to make Revolving Advances hereunder have been terminated for any reason, or (iii) any other contrary provision of this Agreement, to make Revolving Advances (“Protective Advances”) to Loan Parties on behalf of Lenders which Agent, in its reasonable business judgment, deems necessary or desirable (a) to preserve or protect the Collateral, or any portion thereof, (b) to enhance the likelihood of, or maximize the amount of, repayment of the Revolving Advances and other Obligations, or (c) to pay any other amount chargeable to Loan Parties pursuant to the terms of this Agreement; provided, that the aggregate amount of all Protective Advances and Out-of-Formula Loans shall not exceed ten percent (10%) of the Maximum Revolving Amount and, provided, further, that at any time after giving effect to any such Protective Advances and any outstanding Out-of-Formula Loans, the outstanding Revolving Advances do not exceed the Maximum Revolving Amount. Lenders holding the Revolving Commitments shall be obligated to fund such Protective Advances (to the extent permitted above) and effect a settlement with Agent therefor upon demand of Agent in accordance with their respective Revolving Commitment Percentages. To the extent any Protective Advances are not actually funded by the other Lenders as provided for in this Section 17.2(f), any such Protective Advances funded by Agent shall be deemed to be Revolving Advances made by and owing to Agent, and Agent shall be entitled to all rights (including accrual of interest) and remedies of a Lender holding a Revolving Commitment under this Agreement and the Other Documents with respect to such Revolving Advances.

17.3 Successors and Assigns; Participations; New Lender.

(a) This Agreement shall be binding upon and inure to the benefit of Loan Parties, Agent and Lenders, the Bank, each other Lender Party and all future holders of the Obligations and their respective successors and assigns, except that no Loan Party may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Each Loan Party acknowledges that in the regular course of commercial banking business any Lender may at any time and from time to time sell participating interests in the Revolving Advances to other financial institutions (each such transferee or purchaser of a participating interest, a "Transferee"). Each Transferee may exercise all rights of payment (including without limitation rights of set-off) with respect to the portion of such Revolving Advances held by it or other Obligations payable hereunder as fully as if such Transferee were the direct holder thereof provided that Loan Parties shall not be required to pay to any Transferee more than the amount which it would have been required to pay to the Lender which granted an interest in its Revolving Advances or other Obligations payable hereunder to such Transferee had such Lender retained such interest in the Revolving Advances hereunder or other Obligations payable hereunder and in no event shall Loan Parties be required to pay any such amount arising from the same circumstances and with respect to the same Revolving Advances or other Obligations payable hereunder to both such Lender and such Transferee. Each Loan Party hereby grants to any Transferee a continuing security interest in any deposits, moneys or other property actually or constructively held by such Transferee as security for the Transferee's interest in the Revolving Advances.

(c) Any Lender, with the consent of Agent (not to be unreasonably withheld or delayed) may sell, assign or transfer all or any part of its rights under this Agreement and the Other Documents to one or more additional banks or financial institutions and one or more additional banks or financial institutions may commit to make Revolving Advances hereunder (each a "Purchasing Lender"), pursuant to a Commitment Transfer Supplement, executed by a Purchasing Lender, the transferor Lender, and Agent delivered to Agent for recording. Upon such execution, delivery, acceptance and recording, from and after the transfer effective date determined pursuant to such Commitment Transfer Supplement, (i) Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder with a Revolving Commitment Percentages set forth therein, and (ii) the transferor Lender thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement, the Commitment Transfer Supplement creating a novation for that purpose. Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Each Loan Party hereby consents to the addition of such Purchasing Lender and the resulting adjustment of the Revolving Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Loan Parties shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(d) Any Lender, with the consent of Agent (not to be unreasonably withheld or delayed) may directly or indirectly sell, assign or transfer all or any portion of its rights and obligations under or relating to Revolving Advances under this Agreement and the Other Documents to an entity, whether a corporation, partnership, trust, limited liability company or other entity that (i) is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and (ii) is administered, serviced or managed by the assigning Lender or an Affiliate of such Lender (a "Purchasing CLO") and together with each Participant and Purchasing Lender, each a "Transferee" and collectively the "Transferees"), pursuant to a Commitment Transfer Supplement modified as appropriate to reflect the interest being assigned ("Modified Commitment Transfer Supplement"), executed by any intermediate purchaser, the Purchasing CLO, the transferor Lender, and Agent as appropriate and delivered to Agent for recording. Upon such execution and delivery, from and after the transfer effective date determined pursuant to such Modified Commitment Transfer Supplement, (i) Purchasing CLO thereunder shall be a party hereto and, to the extent provided in such Modified Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder and (ii) the transferor Lender thereunder shall, to the extent provided in such Modified Commitment Transfer Supplement, be released from its obligations under this Agreement, the Modified Commitment Transfer Supplement creating a novation for that purpose. Such Modified Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing CLO. Each Loan Party hereby consents to the addition of such Purchasing CLO. Loan Parties shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(e) Agent shall maintain at its address a copy of each Commitment Transfer Supplement and Modified Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of each Lender and the outstanding principal, accrued and unpaid interest and other fees due hereunder. The entries in the Register shall be conclusive, in the absence of manifest error, and each Loan Party, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Revolving Advance recorded therein for the purposes of this Agreement. The Register shall be available for inspection by Borrower Representative or any Lender at any reasonable time and from time to time upon reasonable prior notice. Agent shall receive a fee in the amount of \$3,500 payable by the applicable Purchasing Lender and/or Purchasing CLO upon the effective date of each transfer or assignment (other than to an intermediate purchaser) to such Purchasing Lender and/or Purchasing CLO.

(f) Nothing contained herein, however, shall limit in any way the right of any Lender to assign all or a portion of the Revolving Advances owing to it from time to time to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System any Operating Circular issued by such Federal Reserve Bank, but no such assignment shall release the assigning Lender from its obligations hereunder.

(g) Each Loan Party authorizes each Lender to disclose to any Transferee and any prospective Transferee any and all financial information in such Lender's possession concerning Loan Parties which has been delivered to such Lender by or on behalf of such Loan Party pursuant to this Agreement or any Other Document or in connection with such Lender's credit evaluation of such Loan Party.

(h) Upon a Loan Party's reasonable request, each Lender Party that is a "United States person" as defined under Section 7701(a)(30) of the Code shall deliver to Agent and such Loan Party two properly completed and executed IRS Form W-9 (or applicable successor form) to establish that such Lender Party is not subject to United States federal backup withholding tax.

(i) Agent shall maintain at one of its offices in the United States a register for the recordation of the names and addresses of each Lender Party, and the Obligations of, and principal amount of the Daily LIBOR Rate Loans owing to, such Lender Party pursuant to the terms hereof. The entries in such register shall be conclusive, and Loan Parties and Lender Parties may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by Loan Parties and any Lender Party, at any reasonable time upon reasonable prior notice to Agent. The requirement for a register set forth in this Section 17.3(g) shall be construed so that the Daily LIBOR Rate Loans are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2), 881(c)(2) and 4701 of the Code.

17.4 Application of Payments. Agent shall have the continuing and exclusive right to apply or reverse and re-apply any payment and any and all proceeds of Collateral to any portion of the Obligations. To the extent that any Loan Party makes a payment or Agent receives any payment or proceeds of the Collateral for any Loan Party's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the Obligations or part thereof intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Agent or such Lender.

17.5 Indemnity. Each Loan Party shall indemnify each Lender Party, and each of its respective officers, directors, Affiliates, employees from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against such Lender Party in any litigation, proceeding or investigation instituted or conducted by any governmental agency or instrumentality or any other Person specifically with respect to any aspect of, or any transaction contemplated by or any matter related to, this Agreement or the Other Documents, except to the extent that any of the foregoing arises out of the willful misconduct or gross negligence of the party being indemnified.

17.6 Notice. Any notice or request hereunder may be given to any Loan Party or to Agent at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice or request hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, or (d) Electronic Transmission subsequently confirmed by registered or certified mail or (e) telecopy to the number set out below (or such other number as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (a) when personally delivered to any officer of the party to whom it is addressed, (b) on the earlier of actual receipt thereof or three (3) days following posting thereof by certified or registered mail, postage prepaid, or (c) upon actual receipt thereof when sent by a recognized overnight delivery service or (d) upon actual receipt thereof when sent by Electronic Transmission or by telecopier to the address or number set forth below with electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(A) If to Agent at: Webster Business Credit Corporation
360 Lexington Avenue
New York, New York 10017
Attention: Account Executive – Sachem Capital Corp.
Fax: (212) 806-4530
Email: mmurphy@websterbcc.com

with a copy to: Hahn & Hessen LLP
488 Madison Avenue
New York, New York 10022
Attention: Daniel D. Batterman, Esq.
Fax: (212) 478-7400
Email: dbatterman@hahn Hessen.com

(B) If to any Lender other than Agent, as specified on Schedule 1.1

(C) If to Borrower Representative
or any Loan Party, at: Sachem Capital Corp.
23 Laurel Street
Branford, CT 06405
Attention: John L. Villano,
Co Chief Executive Officer
Fax: (203) 483-0082
Email: jlv@sachemcapitalcorp.com

with a copy to: Morse, Zelnick, Rose & Lander, LLP
825 Third Avenue, 16th Floor
New York, NY 10022
Attention: Joel J. Goldschmidt, Esq.
Fax: (212) 208-6809
Email: jgoldschmidt@mzrl.com

17.7 Survival. The obligations of Loan Parties under Sections 3.10, 4.18(h), 17.5 and 17.9 together with any Section, terms or provisions hereof which by its terms so provides shall survive any termination of this Agreement and the Other Documents and payment in full of the Obligations.

17.8 Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable laws or regulations, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

17.9 Expenses. Loan Parties shall pay (i) all out-of-pocket expenses incurred by Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the Other Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by Agent or any Lender (including the fees, charges and disbursements of any counsel for Agent or any Lender), and shall pay all fees and time charges for attorneys who may be employees of Agent or any Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Other Documents, including its rights under this Section, or (B) in connection with the Revolving Advances made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Daily LIBOR Rate Loans.

17.10 Rights to Cure. Agent may, in its reasonable credit judgment, with written notice to Borrower Representative (a) cure any default by any Loan Party under any Material Agreement that affects the Collateral, its value or the ability of Agent to collect, sell or otherwise dispose of any Collateral or the rights and remedies of Agent therein or the ability of any Loan Party to perform its obligations hereunder or under any of the Other Documents, (b) pay or bond on appeal any judgment entered against any Loan Party, (c) discharge any Charges, Liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and (d) pay any amount, incur any expense or perform any act which Agent, in its Permitted Discretion, determines is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Agent with respect thereto. Agent may add any amounts so expended to the Obligations and charge Borrowers' Account therefor, such amounts to be repayable by Loan Parties on demand, shall bear interest at the Default Rate until paid in full, shall be part of the Obligations, and shall be secured by the Collateral. Agent shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of any Loan Party. Any payment made or other action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default and to proceed accordingly.

17.11 Injunctive Relief. Each Loan Party recognizes that, in the event any Loan Party fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy at law may prove to be inadequate relief to Lenders and/or Agent and; therefor, Agent, if Agent so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

17.12 Consequential Damages. NO LENDER PARTY, NOR ANY AGENT OR ATTORNEY FOR ANY OF THEM, SHALL BE LIABLE TO ANY LOAN PARTY FOR CONSEQUENTIAL DAMAGES ARISING FROM ANY BREACH OF CONTRACT, TORT OR OTHER WRONG RELATING TO THE ESTABLISHMENT, ADMINISTRATION OR COLLECTION OF THE OBLIGATIONS OR ANY RELATED TRANSACTION.

17.13 Third Party Beneficiaries. Except for the Loan Parties, no Person is intended to be, or shall be permitted, presumed or construed to be, a third party beneficiary of this Agreement or any Other Document.

17.14 Captions. The captions at various places in this Agreement and any Other Document are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement or any Other Document.

17.15 Counterparts; Telecopied Signatures; Seal. This Agreement and the Other Documents may be executed in any number of separate counterparts and by different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Delivery of a counterpart hereto by facsimile transmission or by Electronic Transmission of an Adobe portable document format file (also known as a "PDF file") shall be as effective as delivery of an original counterpart hereto. If this Agreement or any Other Document provides for imposition of a seal by any party thereto, the word "seal" placed adjacent to the party's name shall be a sufficient indication thereof.

17.16 Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and each Other Document and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement and each Other Document or any amendments, schedules or exhibits thereto.

17.17 Confidentiality. Agent, each Lender Party and each Transferee shall hold all non-public information obtained by Agent, or any Lender Party pursuant to the requirements of this Agreement and each Other Document in accordance with each Lender Party's customary procedures for handling confidential information of this nature; provided, however, each Lender Party may disclose such confidential information (a) to its examiners, affiliates, outside auditors, counsel and other professional advisors, (b) to any other prospective Transferees or Purchasing Lender, if, but only if, such prospective Transferee or Purchasing Lender shall agree in writing to be bound by the provisions of this Section 17.17, and (c) as required or requested by any Governmental Body or representative thereof or pursuant to legal process, including, without limitation, in the course of any regulatory examination of such Person; provided, further, that (i) unless specifically prohibited by applicable law or court order, each Lender Party shall use its best efforts prior to disclosure thereof, to notify the Borrower Representative of the applicable request for disclosure of such non-public information (A) by a Governmental Body or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender Party by such Governmental Body) or (B) pursuant to legal process and (ii) in no event shall any Lender Party be obligated to return any materials furnished by any Loan Party other than those documents and instruments in possession of such Lender Party in order to perfect its Lien on the Collateral once the Obligations have been paid in full and this Agreement has been terminated.

17.18 Publicity. Each Loan Party hereby authorizes each Lender Party to make appropriate announcements of the financial arrangement contemplated hereunder, including, without limitation, announcements which are commonly known as “tombstones,” in such publications and to such selected parties as each Lender Party shall in its sole and absolute discretion deem appropriate. Without limiting the foregoing Loan Parties authorize each Lender Party to utilize any logo or other distinctive symbol associated with the Loan Parties in connection with any such announcement or any other promotion, advertising or marketing undertaken by each Lender Party. In no event, however, shall any Loan Party use the name of any Lender Party, or any logo or distinctive symbol associated with any of them, unless, as appropriate, such Lender Party has given its prior written consent thereto. Notwithstanding the foregoing, Lenders acknowledge that the transactions contemplated hereby may be required to be disclosed from time to time by Sachem in a current report on Form 8-K to be filed with the U.S. Securities and Exchange Commission and that this Agreement and certain Other Documents may need to be filed as exhibits to such reports.

17.19 Survival of Representations and Warranties. All representations and warranties of each Loan Party contained in this Agreement and the Other Documents shall be true at the time of such Loan Party’s execution of this Agreement and the Other Documents, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

17.20 Certain Matters of Construction. Unless the context otherwise requires, (a) the terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision; (b) terms used herein in the singular also include the plural and vice versa; (c) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; (d) all references to any instruments or agreements to which Agent or any Lender is a party, including, without limitation, references to any of the Other Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof; (e) references herein or in any Other Document to any actions being taken (or omitted to be taken) by any Lender Party after a Default shall be presumed to mean, unless otherwise expressly provided, while such Default or Event of Default is continuing; (f) any pronoun shall include the corresponding masculine, feminine and neuter forms; (g) the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (h) the word “will” shall be construed to have the same meaning and effect as the word “shall”; (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (j) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on such assignments set forth herein); (k) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof; (l) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Section of, and Exhibits and Schedules to, this Agreement; and (m) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

17.21 Destruction of Invoices. Borrower Representative hereby authorizes and directs Agent and each Lender in accordance with its standard document retention policies in such regards to destroy all invoices, agings, inventory reports, financial statements and other data provided from time to time by Loan Parties to Agent or any Lender pursuant hereto.

17.22 Time. Time is of the essence in this Agreement and each Other Document. Unless otherwise expressly provided, all references herein and in any Other Documents to time shall mean and refer to New York time.

17.23 Patriot Act. Federal law requires Agent and each Lender to obtain, verify and record information that identifies each Person that opens an account or applies for a loan or lease. Loan Parties agree to cooperate with Agent and each Lender in maintaining compliance with such law on an ongoing basis.

17.24 No Tax Advice. Each Loan Party hereby acknowledges and agrees that, with respect to all tax and accounting matters relating to this Agreement, the Other Documents, or the transactions contemplated herein and therein, it has not relied on any representations made, consultation provided by, or advice given or rendered by any Lender Party or any of its representatives, agents, or employees; and, instead, each Loan Party has sought, and relied upon, the advice of its own tax and accounting professionals with respect to all such matters

17.25 Completion of Blanks. If this Agreement or any Other Document contains any blank spaces, such as for dates or amounts, Loan Parties hereby authorize Agent, in good faith, with written notice to Borrower Representative, to complete any such blank spaces according to the terms upon which the transactions contemplated hereby or thereby were contemplated, provided, however, that the doing thereof shall not increase Loan Parties' obligations or diminish Loan Parties' rights in any manner which is contrary to those set forth in this Agreement or any Other Documents, unless and except to the extent that any Event of Default which is then continuing.

17.26 Exculpation of Lenders. Nothing herein contained shall be construed to constitute any Lender Party as any Loan Party's agent for any purpose whatsoever, nor shall any Lender Party be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. No Lender Party shall, whether by anything herein or in any assignment or otherwise, assume any Loan Party's obligations under any contract or agreement assigned to such Lender Party, and no Lender Party shall be responsible in any way for the performance by any Loan Party of any of the terms and conditions thereof.

17.27 Electronic Transmissions. Subject to the provisions of this Section 17.27, each of the Loan Parties, the Agent and the other Lender Parties is authorized (but not required) to transmit, post or otherwise make or communicate, in its sole discretion, Electronic Transmissions in connection herewith and the transactions contemplated herein. Each of the Loan Parties hereby acknowledges and agrees that the use of Electronic Transmissions is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse and each indicates it assumes and accepts such risks by hereby authorizing the transmission of Electronic Transmissions. All uses of an E-System shall be governed by and subject to, in addition to the terms and conditions of this Agreement, separate terms and conditions posted or referenced in such E-System and related contractual obligations executed by the Loan Parties or Agent in connection with the use of such E-System. All E-Systems and Electronic Transmissions shall be provided “as is” and “as available.” Neither Agent nor any other Lender Party warrants the accuracy, adequacy or completeness of any E-Systems or Electronic Transmission, and each disclaims all liability for errors or omissions therein. No warranty of any kind is made by Agent or any Lender Party in connection with any E-systems or Electronic Transmission, including any warranty or merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects. Each of the Loan Parties agrees that neither Agent nor any Lender Party has no responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Electronic Transmission or otherwise required for any E-System.

18. GUARANTY.

18.1 Guaranty. Each Corporate Guarantor hereby unconditionally guarantees, as a primary obligor and not merely as a surety, jointly and severally with each other Corporate Guarantor when and as due, whether at maturity, by acceleration, by notice of prepayment or otherwise, the due and punctual performance of all Obligations. Each payment made by any Corporate Guarantor pursuant to this Guaranty shall be made in lawful money of the United States in immediately available funds.

18.2 Waivers. Each Corporate Guarantor hereby absolutely, unconditionally and irrevocably waives (i) promptness, diligence, notice of acceptance, notice of presentment of payment and any other notice hereunder, (ii) demand of payment, protest, notice of dishonor or nonpayment, notice of the present and future amount of the Obligations and any other notice with respect to the Obligations, (iii) any requirement that Agent or any Lender protect, secure, perfect or insure any security interest or Lien on any property subject thereto or exhaust any right or take any action against any other Loan Party, or any Person or any Collateral, (iv) any other action, event or precondition to the enforcement hereof or the performance by each such Corporate Guarantor of the Obligations, and (v) any defense arising by any lack of capacity or authority or any other defense of any Loan Party or any notice, demand or defense by reason of cessation from any cause of Obligations other than payment and performance in full of the Obligations by the Loan Parties and any defense that any other guarantee or security was or was to be obtained by Agent.

18.3 No Defense. No invalidity, irregularity, voidableness, voidness or unenforceability of this Agreement or any Other Document or any other agreement or instrument relating thereto, or of all or any part of the Obligations or of any collateral security therefor shall affect, impair or be a defense hereunder.

18.4 Guaranty of Payment. The Guaranty hereunder is one of payment and performance, not collection, and the obligations of each Corporate Guarantor hereunder are independent of the Obligations of the other Loan Parties, and a separate action or actions may be brought and prosecuted against any Corporate Guarantor to enforce the terms and conditions of this Article 18, irrespective of whether any action is brought against any other Loan Party or other Persons or whether any other Loan Party or other Persons are joined in any such action or actions. Each Corporate Guarantor waives any right to require that any resort be had by Agent or any Lender to any security held for payment of the Obligations or to any balance of any deposit account or credit on the books of Agent or any Lender in favor of any Loan Party or any other Person. No election to proceed in one form of action or proceedings, or against any Person, or on any Obligations, shall constitute a waiver of Agent's right to proceed in any other form of action or proceeding or against any other Person unless Agent has expressed any such right in writing. Without limiting the generality of the foregoing, no action or proceeding by Agent against any Loan Party under any document evidencing or securing indebtedness of any Loan Party to Agent shall diminish the liability of any Corporate Guarantor hereunder, except to the extent Agent receives actual payment on account of Obligations by such action or proceeding, notwithstanding the effect of any such election, action or proceeding upon the right of subrogation of any Corporate Guarantor in respect of any Loan Party.

18.5 Liabilities Absolute. The liability of each Corporate Guarantor hereunder shall be absolute, unlimited and unconditional and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any claim, defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any other Obligation or otherwise. Without limiting the generality of the foregoing, the obligations of each Corporate Guarantor shall not be discharged or impaired, released, limited or otherwise affected by:

(a) any change in the manner, place or terms of payment or performance, and/or any change or extension of the time of payment or performance of, release, renewal or alteration of, or any new agreements relating to any Obligation, any security therefor, or any liability incurred directly or indirectly in respect thereof, or any rescission of, or amendment, waiver or other modification of, or any consent to departure from, this Agreement or any Other Document, including any increase in the Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(b) any sale, exchange, release, surrender, loss, abandonment, realization upon any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, all or any of the Obligations, and/or any offset there against, or failure to perfect, or continue the perfection of, any Lien in any such property, or delay in the perfection of any such Lien, or any amendment or waiver of or consent to departure from any other guaranty for all or any of the Obligations;

(c) the failure of Agent or any Lender to assert any claim or demand or to enforce any right or remedy against any Loan Party or any other Loan Party or any other Person under the provisions of this Agreement or any Other Document or any other document or instrument executed and delivered in connection herewith or therewith;

(d) any settlement or compromise of any Obligation, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and any subordination of the payment of all or any part thereof to the payment of any obligation (whether due or not) of any Loan Party to creditors of any Loan Party other than any other Loan Party;

(e) any manner of application of Collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Obligations or any other assets of any Loan Party; and

(f) any other agreements or circumstance of any nature whatsoever that may or might in any manner or to any extent vary the risk of any Corporate Guarantor, or that might otherwise at law or in equity constitute a defense available to, or a discharge of, the Guaranty hereunder and/or the obligations of any Corporate Guarantor, or a defense to, or discharge of, any Loan Party or any other Person or party hereto or the Obligations or otherwise with respect to the Revolving Advances or other financial accommodations to Loan Parties pursuant to this Agreement and/or the Other Documents.

18.6 Waiver of Notice. Agent, any Lender and any other Lender Party shall have the right to do any of the above without notice to or the consent of any Corporate Guarantor and each Corporate Guarantor expressly waives any right to notice of, consent to, knowledge of and participation in any agreements relating to any of the above or any other present or future event relating to Obligations whether under this Agreement or otherwise or any right to challenge or question any of the above and waives any defenses of such Corporate Guarantor which might arise as a result of such actions.

18.7 Agent's Discretion. Agent may at any time and from time to time (whether prior to or after the revocation or termination of this Agreement) without the consent of, or notice to, any Corporate Guarantor, and without incurring responsibility to any Corporate Guarantor or impairing or releasing the Obligations, apply any sums by whomsoever paid or howsoever realized to any Obligations regardless of what Obligations remain unpaid.

18.8 Reinstatement.

(a) The Guaranty provisions herein contained shall continue to be effective or be reinstated, as the case may be, if claim is ever made upon Agent or any Lender for repayment or recovery of any amount or amounts received by such Person in payment or on account of any of the Obligations and such Person repays all or part of said amount for any reason whatsoever, including, without limitation, by reason of any judgment, decree or order of any court or administrative body having jurisdiction over such Person or the respective property of each, or any settlement or compromise of any claim effected by such Person with any such claimant (including any Loan Party); and in such event each Corporate Guarantor hereby agrees that any such judgment, decree, order, settlement or compromise or other circumstances shall be binding upon such Corporate Guarantor, notwithstanding any revocation hereof or the cancellation of any note or other instrument evidencing any Obligation, and each Corporate Guarantor shall be and remain liable to Agent and/or Lenders for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Person(s).

(b) Agent shall not be required to marshal any assets in favor of any Corporate Guarantor, or against or in payment of Obligations, unless so ordered by a court of competent jurisdiction.

(c) No Corporate Guarantor shall be entitled to claim against any present or future security held by Agent from any Person for Obligations in priority to or equally with any claim of Agent, or assert any claim for any liability of any Loan Party to any Corporate Guarantor in priority to or equally with claims of Agent for Obligations, and no Corporate Guarantor shall be entitled to compete with Agent with respect to, or to advance any equal or prior claim to any security held by Agent for Obligations.

(d) If any Loan Party makes any payment to Agent, which payment is wholly or partly subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to any Person under any federal or provincial statute or at common law or under equitable principles, then to the extent of such payment, the Obligation intended to be paid shall be revived and continued in full force and effect as if the payment had not been made, and the resulting revived Obligation shall continue to be guaranteed, uninterrupted, by each Corporate Guarantor hereunder.

(e) All present and future monies payable by any Loan Party to any Corporate Guarantor, whether arising out of a right of subrogation or otherwise, are assigned to Agent as security for such Corporate Guarantor's liability to Agent hereunder and are postponed and subordinated to Agent's prior right to payment in full of Obligations. Except to the extent prohibited otherwise by this Agreement, all monies received by any Corporate Guarantor from any Loan Party shall be held by such Corporate Guarantor as agent and trustee for Agent. This assignment, postponement and subordination shall only terminate when the Obligations are paid in full in cash and this Agreement is irrevocably terminated.

(f) Each Loan Party acknowledges this assignment, postponement and subordination and, except as otherwise set forth herein, agrees to make no payments to any Corporate Guarantor without the prior written consent of Agent. Each Loan Party agrees to give full effect to the provisions hereof.

[Signature pages follow]

Each of the parties has signed this Agreement as of the day and year first above written.

“BORROWERS”

SACHEM CAPITAL CORP.

By: /s/ John Villano

Name: John Villano, CPA

Title: Co - CEO

[Signature Page to Credit and Security Agreement]

“CORPORATE GUARANTORS”

SACHEM CAPITAL REALTY, LLC

By: /s/ John Villano

Name: John Villano

Title: Manager

SACHEM CAPITAL PARTNERS, LLC

By: /s/ John Villano

Name: John Villano

Title: Manager

[Signature Page to Credit and Security Agreement]

WEBSTER BUSINESS CREDIT CORPORATION, as Agent and a
Lender

By: /s/ Matthew Murphy

Name: Matthew Murphy

Title: Senior Vice President

[Signature Page to Credit and Security Agreement]

BANKWELL BANK, as Co-Syndication Agent and a Lender

By: /s/ Paul Larsen

Name: Paul Larsen

Title: Senior Vice President

[Signature Page to Credit and Security Agreement]

BERKSHIRE BANK, as a Lender

By: /s/ Diane Williams

Name: Diane Williams

Title: Vice President

[Signature Page to Credit and Security Agreement]

ANNEX ONE — GENERAL DEFINITIONS

This Annex One is incorporated by reference into, and constitutes an integral part of, the Credit and Security Agreement, dated as of May 11, 2018 (as it may be amended or modified from time to time, the “Credit Agreement”), made by and among (i) SACHEM CAPITAL CORP., a New York corporation (“Sachem”; and together with each Person joined hereto as a Borrower from time to time, collectively the “Borrowers”, and each, a “Borrower”), (ii) the Corporate Guarantors signatory hereto (collectively with Borrowers, each, a “Loan Party” and collectively, the “Loan Parties”); (iii) the financial institutions who are now or hereafter become parties thereto as lenders (collectively, the “Lenders” and each individually, a “Lender”) and (iv) WEBSTER BUSINESS CREDIT CORPORATION, a New York corporation (“WBCC”), individually, as a Lender thereunder and as agent for itself and each other Lender Party (as hereinafter defined) (WBCC, acting in such agency capacity, the “Agent”); and (v) BANKWELL BANK, a Connecticut state non-member bank, individually, as a Lender thereunder and as co-syndication agent (“Co-Syndication Agent”). The following terms shall have the following meanings as and when used in the Credit Agreement and the Other Documents. References in such defined terms to “this Agreement,” “hereof,” “hereto” or the like, shall mean and refer to the Credit Agreement.

“698 Main Street Property” shall mean the real property owned by Sachem Capital Partners, LLC located at 698 Main Street, Branford, CT 06405.

“Accepted Servicing Practices” shall mean, with respect to any Mortgage Loan, those mortgage servicing practices of prudent mortgage lending institutions which service mortgage loans of the same type as such Mortgage Loans in the jurisdiction where the related Mortgaged Property is located.

“Accountants” shall have the meaning set forth in Section 10.7 hereof.

“Affiliate” of any Person shall mean (a) any Person which, directly or indirectly, is in Control of, is Controlled by, or is under common Control with such Person, or (b) any Person who is a shareholder, director, officer or employee (or relative of any shareholder, director, officer or employee) (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. Solely for purposes of determining Affiliate status, “Control” of a Person shall mean the power, direct or indirect, (x) to vote ten percent (10%) or more of the Equity Interests having ordinary voting power for the election of the directors, partners or managers of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

“Agent” shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

“Agent Fee Letter” shall mean that certain Fee Letter, dated as of the Closing Date, among the Loan Parties and Agent executed in connection with this Agreement.

“Agent Provided Bank Products” shall mean Bank Products provided by Agent, Bank or any Affiliate of Agent or Bank.

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Annex One” shall mean this Annex One attached to this Agreement.

“Annex Two” shall mean Annex Two attached to this Agreement.

“Anti-Terrorism Laws” shall mean any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“Applicable Advance Rate” shall mean seventy five percent (75%).

“Applicable Margin” shall mean four percent (4%).

“Application Date” shall have the meaning given to such term in Section 4.14(g) hereof.

“Assignment of Mortgage” shall mean an assignment executed by Loan Parties for the benefit of Agent, for the ratable benefit of the Lender Parties, which assigns to Agent, for the ratable benefit of the Lender Parties, all of Loan Party’s rights in a mortgage or deed of trust that secures a Mortgage Loan, such assignment (a) to be in recordable form and otherwise satisfactory to Agent and (b) to be held by Agent, subject to the provisions of Section 4.2(a) (ix) hereof.

“Availability Reserves” shall mean such reserves as Agent, in its Permitted Discretion, may elect to impose from time to time in respect of borrowing availability.

“Bank” shall mean Webster Bank, National Association, together with its successors and assigns.

“Bank Products” shall mean, collectively, (i) any cash management service, including through the use of any Blocked Account, (ii) any Hedge Contract, (iii) any derivative product or (iv) any, similar (or dissimilar) bank product or service offered by the Bank, any Lender or any Affiliate of the Bank (including Agent) to any Loan Party from time to time.

“Bankwell Mortgage” shall mean that certain mortgage in favor of Bankwell Bank on the 698 Main Street Property, which mortgage secures the Bankwell Mortgage Loan.

“Bankwell Mortgage Loan” shall mean the mortgage term loan made by Bankwell Bank to Sachem Capital Partners, LLC evidenced by that certain \$310,000 Promissory Note, dated as of December 29, 2016, of which approximately \$297,769 remains outstanding as of the Closing Date.

“Blocked Account” shall have the meaning given to such term in Section 4.14(e) hereof.

“Blocked Account Agreement” shall have the meaning given to such term in Section 4.14(e) hereof.

“Blocked Account Bank” shall have the meaning given to such term in Section 4.14(e) hereof.

“Borrower” or “Borrowers” shall have the meaning set forth in the preamble to this Agreement; and shall extend to all permitted successors and assigns of such Persons.

“Borrower Representative” shall mean Sachem or such other Person among the Loan Parties as the Loan Parties may elect.

“Borrower Reports” shall mean any reports (whether financial, with respect to Collateral, as to operating condition or otherwise) required to be delivered to Agent pursuant hereto or to any Other Document, including, particularly, pursuant to Article 10.

“Borrowers on a consolidated basis” shall mean, as appropriate, the consolidation in accordance with GAAP of the accounts or other items of Borrowers and their respective Subsidiaries (if any).

“Borrowers’ Account” shall have the meaning set forth in Section 2.7 hereof.

“Borrowing Base” shall mean the sum of the following: (i) the product of the Applicable Advance Rate times the lesser of (x) the Collateral Value of Eligible Mortgage Loans or (y) the Funding Cap applicable to such Eligible Mortgage Loans; minus (ii) the Availability Reserves. It is understood and agreed by Borrowers in connection with the foregoing that any imposition (or increase) in any Availability Reserves or any change in the composition of Eligible Mortgage Loans instituted by Agent pursuant hereto from time to time may limit or restrict the amount of Revolving Advances available to Borrowers hereunder.

“Borrowing Base Certificate” shall have the meaning set forth in Section 10.10 hereof.

“Business Day” shall mean any day other than a day on which commercial banks in New York and Connecticut are authorized or required by law to close.

“Capital Expenditures” shall have the meaning set forth in Section 8.1 hereof.

“Capitalized Lease Obligations” shall have the meaning set forth in Section 8.1 hereof.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Body or (c) the making or issuance of any guideline or directive (whether or not having the force of law) by any Governmental Body; provided, however, for the purposes of this Agreement: (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Management” shall mean that if neither Principal is actively involved in the day-to-day executive management of Loan Parties, either by death, disability, retirement, termination of employment or otherwise.

“Change of Control” shall mean: (a) any person or group of persons (within the meaning of Section 13(d) or 14(a) of the Exchange Act) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under the Exchange Act) of twenty percent (20%) or more of the voting Equity Interests of Sachem; provided, however, that any increase in the beneficial ownership of voting Equity Interests of Sachem held by either or both the Principals shall not constitute a Change of Control; or (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors of Sachem ceases to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board, or (iii) whose election or nomination to that board was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board; or (c) any merger, consolidation or sale of substantially all of the property or assets of any Loan Party, except to another Loan Party.

“Charges” shall mean all taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation and property taxes, custom duties, fees, assessments, liens, claims and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts, imposed by any taxing or other authority, domestic or foreign (including, without limitation, the PBGC or any environmental agency or superfund), upon any Collateral, any Loan Party or any of its Affiliates.

“Closing Date” shall mean the date on which the Initial Revolving Advance is made, which date may be on the Signing Date but, unless otherwise approved by Agent, in its credit judgment, shall not be later than ten (10) days after the Signing Date.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated thereunder.

“Collateral” shall mean and include all assets of each Loan Party (subject to the limitation on Equity Interests set forth in subsection (f) below), including, without limitation, all of the following assets:

- (a) all Receivables;
- (b) all Equipment;
- (c) all General Intangibles;
- (d) all Inventory;
- (e) all Contract Rights;
- (f) all Equity Interests of each Domestic Subsidiary, and sixty-five percent (65%) of the Equity Interests of each Foreign Subsidiary;
- (g) all Securities;
- (h) all Leasehold Interests;
- (i) all commercial Tort Claims (including, particularly any described in Schedule 5.8);
- (j) all of each Loan Party’s right, title and interest in and to (i) its respective goods and other property including, but not limited to, all merchandise returned or rejected by Mortgagor Customers, relating to or securing any of the Receivables; (ii) all of each Loan Party’s rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, detinue, replevin, reclamation and repurchase; (iii) all additional amounts due to any Loan Party from any Mortgagor Customer relating to the Receivables; (iv) other property, including warranty claims, relating to any goods securing this Agreement; (v) all of each Loan Party’s contract rights, rights of payment which have been earned under a contract right, instruments, investment property, documents, chattel paper, warehouse receipts, deposit accounts, money and securities; (vi) if and when obtained by any Loan Party, all real and personal property of third parties in which such Loan Party has been granted a lien or security interest as security for the payment or enforcement of Receivables; (vii) all supporting obligations that secure payment or performance of any account, chattel paper, document, general intangible, instrument or investment property; (viii) all Extraordinary Receipts and (ix) any other goods, personal property or real property now owned or hereafter acquired in which any Loan Party has expressly granted a security interest or may in the future grant a security interest to Agent hereunder, or in any amendment or supplement hereto or thereto, or under any Other Document between Agent and any Loan Party and (x) any and all indebtedness owing to a Loan Party and any and all Collateral securing such indebtedness;
- (k) all Mortgage Loan Collateral;
- (l) all of each Loan Party’s ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by any Loan Party or in which it has an interest), computer programs, tapes, disks and documents relating to clauses (a) through (l) of this definition; and

(m) all proceeds and products of clauses (a) through (m) of this definition, in whatever form, including, but not limited to: cash, Deposit Accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim proceeds.

Notwithstanding the foregoing, upon the consummation of a Permitted Commercial Loan Financing and until the repayment in full thereof, Collateral shall not include any Commercial Loans.

“Collateral Assignment” shall mean a collateral assignment by a Mortgagor Customer to Loan Party of all rents, issues and profits of Mortgaged Property.

“Collateral Locations” shall have the meaning assigned to such term in Section 4.5 hereof.

“Collateral Value” shall mean, with respect to each Eligible Mortgage Loan, an amount determined by Agent in its Permitted Discretion equal to the lesser of (a) the outstanding principal balance of such Mortgage Loan and (b) the Market Value of such Mortgage Loan; provided, however, the Collateral Value shall be deemed to be zero with respect to each Mortgage Loan (i) in respect of which there is a breach of a representation and warranty set forth on Annex Two (assuming each representation and warranty is made as of the date Collateral Value is determined) or (ii) in respect of which there is a delinquency in the payment of principal and/or interest which continues for a period in excess of thirty (30) days (without regard to any applicable grace periods).

“Commercial Loan Files” shall have the meaning set forth in Section 4.3(b).

“Commercial Loans” shall mean Mortgage Loans secured by Commercial Mortgaged Property.

“Commercial Mortgaged Property” shall mean Mortgaged Property used primarily for non-residential purposes, existing on and after the date a Permitted Commercial Loan Financing is consummated.

“Commitment” or “Commitments” shall mean the aggregate amount of the total commitments of each Lender or all Lenders (as the case may be) to make Revolving Advances under this Agreement as in effect on the Closing Date.

“Commitment Letter” shall mean any Commitment Letter heretofore issued by Agent or any Lender to Loan Parties, or Borrower Representative on their behalf relative to the undertakings contemplated hereby.

“Commitment Transfer Supplement” shall mean a document in the form of Exhibit 17.3 hereto, properly completed and otherwise in form and substance satisfactory to Agent, by which the Purchasing Lender purchases and assumes a portion of the obligation of a Lender to make Revolving Advances under this Agreement.

“Compliance Certificate” shall have the meaning set forth in Section 10.8 hereof.

“Concentration Account” shall mean a Blocked Account into which collections from all other Blocked Accounts are concentrated. If there is only one Blocked Account, it shall also be the Concentration Account and must be a Deposit Account with the Bank.

“Concentration Bank” shall mean the Blocked Account Bank selected by Agent at which the Concentration Account is to be opened and maintained pursuant to a Blocked Agreement. If there is only one Blocked Account Bank, it shall be the Concentration Bank.

“Consents” shall mean all filings and all licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities and other third parties, domestic or foreign, (i) necessary to carry on any Loan Party’s business, including, without limitation, any consents required under all applicable federal, state or other applicable law, and (ii) required to effectuate the transactions and agreements contemplated in this Agreement and the Other Documents.

“Contract Rights” shall mean all rights of each Loan Party arising under or in connection with any contract, to the extent that such Loan Party may grant a security interest in such rights under such contract. “Contract Rights” shall include, without limitation, all rights of each Loan Party under all license agreements to which it is party as licensor or licensee and all letter of credit rights of each Loan Party.

“Control” has the meaning set forth in the definition of Affiliate.

“Controlled Group” shall mean all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any Loan Party, are treated as a single employer under Section 414 of the Code.

“Corporate Guarantor” or “Corporate Guarantors” shall mean any Persons (other than individuals), including their permitted successors and assigns, who may hereafter become a signatory hereto as a guarantor of the payment and performance of all the Obligations pursuant to Article 18 hereof.

“Co-Syndication Agent” shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

“Co-Syndication Agent Fee Letter” shall mean that certain Fee Letter, dated as of the Closing Date, among the Loan Parties and Co-Syndication Agent executed in connection with this Agreement.

“Covered Entity” shall mean (a) each Loan Party, each of Loan Party’s Subsidiaries, all Guarantors and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

“Customer Group” shall mean, collectively a Mortgagor Customer, each Affiliate of a Mortgagor Customer and each of its common guarantors and/or related entities.

“Customer Guaranty” shall mean the joint and several guaranty of payment of an Eligible Mortgage Loan, executed by all principals of a Mortgagor Customer, substantially in form and content set forth as Exhibit E hereto.

“Daily LIBOR Rate” shall mean, for any day, the rate per annum determined by the Agent by dividing (x) the Published Rate by (y) a number, expressed as a decimal, equal to 1.00 minus the Reserve Percentage. Such rate is not necessarily the best or lowest rate of interest charged by Agent in connection with extensions of credit to borrowers and shall be subject to increase or decrease as the case may be effective as of the day any such change occurs.

“Daily LIBOR Rate Loan” shall mean any Revolving Advance that bears interest based upon the Daily LIBOR Rate.

“Default” shall mean an event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

“Default Rate” shall have the meaning set forth in Section 3.1 hereof.

“Defaulting Lender” shall mean any Lender that: (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its applicable Revolving Commitment Percentage of Revolving Advances, (ii) if applicable, fund any portion of its participation in letters of credit issued pursuant to this agreement or (iii) pay over to Agent, any Lender or any other Lender Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including a particular Default or Event of Default, if any) has not been satisfied; (b) has notified Loan Parties or Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement or generally under any other agreements in which it commits to extend credit; (c) has failed, within two (2) Business Days after request by Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Advances and, if applicable, participations in then outstanding letters of credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon Agent’s receipt of such certification in form and substance satisfactory to the Agent; (d) has become the subject of an Insolvency Event; or (e) has failed at any time to comply with the provisions of Section 2.13(b) with respect to purchasing participations from the other Lenders, whereby such Lender’s share of any payment received, whether by setoff or otherwise, is in excess of its pro rata share of such payments due and payable to all of the Lenders.

“Deposit Account” shall mean any checking account, savings account, time deposit account, certificate of deposit, investment account or other account (howsoever denominated), in which from time to time any cash of any Loan Party is or may be deposited.

“Designated Lender” shall have the meaning set forth in Section 17.2(d) hereof.

“Designated Officer” shall mean the chief executive officer, chief financial officer or chief operating officer of a Loan Party (regardless of title), or such other officer, lender or representative of a Loan Party which Agent may, at such Loan Party’s request, permit to be a “Designated Officer” from time to time.

“Dollars” and the sign “\$” shall mean lawful money of the United States of America.

“Domestic Subsidiary” shall mean a Subsidiary organized under the laws of the United States or any political subsidiary thereof.

“Early Termination Date” shall have the meaning set forth in Section 14.1 hereof.

“Early Termination Fee” shall have the meaning set forth in Section 14.1 hereof.

“EBITDA” shall have the meaning set forth in Section 8.1 hereof.

“Electronic Transmission” means each document, notice, demand, instruction, authorization, file, information and any other communication transmitted, posted or otherwise made or communicated by e-mail or E-Fax, or otherwise to or from an E-System or other equivalent service (agreed to by Agent).

“Eligible Mortgage Loans” shall mean Mortgage Loans secured by a first mortgage lien on real property, (a) as to which the representations and warranties in Section 4.2 and Annex Two, Part I hereof are correct, (b) as to which the LTV is not greater than seventy percent (70%), (c) as to which the principal amount of such Mortgage Loans do not exceed the applicable Funding Caps, (d) (i) with respect to Mortgage Loans made prior to the Closing Date, as to which the Mortgage Note has a stated maturity that does not exceed thirty-six (36) months and does not provide for, or have, any extension beyond thirty-six (36) months from the original due date of such Mortgage Note (ii) with respect to Mortgage Loans made after the Closing Date, as to which the Mortgage Note has a stated maturity that does not exceed twenty-four (24) months and does not provide for, or have, any extension beyond twenty-four (24) months from the original due date of such Mortgage Note, (e) as to which the Mortgage File has been delivered to Agent and the Funding Requirements have been satisfied, and (f) that were approved by Agent in its Permitted Discretion for inclusion as Collateral; provided that, in no event shall any Eligible Mortgage Loan be (i) a security for purposes of any securities or blue-sky laws or (ii) a mortgage lien on real property used primarily for commercial purposes.

“Environmental Complaint” shall have the meaning set forth in Section 4.19(d) hereof.

“Environmental Laws” shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

“Equity Interests” shall mean: (i) in the case of a corporation, its capital stock, including its common stock and any preferred stock; (ii) in the case of a partnership, all partnership interests therein, including special, limited and general interests; (iii) in the case of a limited liability company, all membership interests therein; and (iv) in the case of any other entity, all interests evidencing equity ownership therein.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time and the rules and regulations promulgated thereunder.

“E-System” means any electronic system, including Intralinks®, Syndtrak and any other internet or extranet-based site, whether such electronic system is owned, operated or hosted by Agent, any Lender Party or any other Person, providing for access to data protected by passcodes or other security system.

“Event of Default” shall mean the occurrence and continuance of any of the events set forth in Article 11 hereof.

“Existing Loans” shall mean all Indebtedness owing by Loan Parties on the Closing Date under one or more loan facilities with Bankwell Bank (other than the Bankwell Mortgage Loan).

“Extraordinary Receipts” shall mean any cash proceeds received by a Loan Party or any of its Subsidiaries not in the Ordinary Course of Business, including, without limitation, (i) foreign, United States, state or local tax refunds, (ii) pension plan reversions, (iii) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (v) condemnation awards (and payments in lieu thereof), (vi) indemnity payments and (vii) any adjustment received in connection with any purchase price in respect of an acquisition.

“Federal Funds Rate” shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day which is a Business Day, the average of quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank.

“Financial Covenants” shall mean the financial covenants set forth in Article 8.

“Fiscal Year” shall mean Loan Parties’ Fiscal Year as in effect on the Signing Date; and the terms “Fiscal Quarter” and “Fiscal Month” shall have correlative meanings.

“Fixed Charge Coverage Ratio” shall have the meaning set forth in Section 8.1 hereof.

“Fixed Charges” shall have the meaning set forth Section 8.1 hereof.

“Foreign Subsidiary” shall mean any Subsidiary which is not a Domestic Subsidiary.

“Funding Caps” shall mean (i) with respect to any single Mortgage Loan, the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) and (ii) with respect to Mortgage Loans owing at any one time by any Customer Group to Borrowers, an aggregate principal amount of Four Million Dollars (\$4,000,000).

“Funded Indebtedness” shall have the meaning set forth in Section 8.1 hereof.

“Funding Date” shall mean the date upon which a Revolving Advance is made hereunder.

“Funding Requirements” shall mean, (a) with respect to each Revolving Advance other than Table Funding Advances, the following requirements:

(i) Borrowers shall submit to Agent a Notice of Borrowing.

(ii) Borrowers shall provide to Agent the executed original Eligible Mortgage Loan duly endorsed to Agent or, in lieu of such endorsement, an allonge executed by Borrowers with respect thereto in form and substance satisfactory to Agent, together with all related Mortgage Loan Documents which in the case of Mortgage Loan Documents to be filed or recorded, shall be the non-recorded, executed, duplicate originals thereof provided that all such recorded related Mortgage Loan Documents shall be forwarded directly to Agent to the address set forth in Section 17.6.

(iii) Borrowers shall provide to Agent a Related Title Policy.

(iv) All payments required to be made on such Eligible Mortgage Loan shall have been made and credited. No default, breach, violation or other event shall have occurred under the terms of such Eligible Mortgage Loan or any related Mortgage Loan Document. There shall have been no amendment, modification or waiver to such Eligible Mortgage Loan or any of such related Mortgage Loan Documents.

(v) Within two (2) Business Days after Agent’s receipt of such Notice of Borrowing, Eligible Mortgage Loan, related Mortgage Loan Documents and Related Title Policy, Agent shall either (x) provide such funding as is so requested, but, in any event, not in excess of the Applicable Advance Rate, and provided that, after giving effect to such requested Revolving Advance, the aggregate amount of all outstanding Revolving Advances is not in excess of the lesser of (i) the Borrowing Base, or (ii) the Maximum Revolving Amount, or (y) advise Borrowers that Agent, in its sole discretion, will not make such requested Revolving Advance.

(b) Table Funding Advances. With respect to Revolving Advances which are requested by Borrowers prior to the funding by Borrowers of the Eligible Mortgage Loan to which such requested Revolving Advance relates (“Table Funding Advances”), an independent attorney or title insurance company, in all respects acceptable to Agent in its sole and absolute discretion shall act as Escrow Agent (the “Escrow Agent”) pursuant to the Escrow Agreement attached hereto as Exhibit A with respect to each such Revolving Advance, which Escrow Agreement shall be subject to such additional changes or requirement as Agent may determine from time to time. The procedure respecting each such Table Funding Advance shall be as follows:

(i) At least one (1) Business Day prior to the date such Revolving Advance is requested to be made, Borrowers shall provide written notification of such request by forwarding to Agent the Notice of Borrowing form together with the term sheet substantially in the form of Exhibit D (or equivalent document) and related materials; provided that in lieu of an appraisal as set forth in section (g) of the definition of Mortgage File, Borrowers shall provide an internal valuation of the Mortgaged Property described in the Mortgage which secures such Mortgage Note, which valuation shall be acceptable to Agent in form and content.

(ii) In the event Agent, in its sole discretion, shall elect to make such Revolving Advance, such Revolving Advance shall be made to the Escrow Agent to an account at the Agent designated by the Escrow Agent and existing solely for the purpose of receiving such Revolving Advances.

(iii) The Escrow Agent shall hold such Revolving Advance pending receipt by the Escrow Agent of (i) a fully executed Mortgage Note endorsed to Agent as follows: “Pay to the order of Webster Business Credit Corporation as Agent” or, in lieu of such endorsement, an allonge executed by Borrowers with respect thereto in form and substance satisfactory to Agent, (ii) fully executed related Mortgage Loan Documents and (iii) fully executed assignments of all related Mortgage Loan Documents to Agent.

(iv) Upon the issuance by or caused by the Escrow Agent of a Related Title Policy duly endorsed to Agent as first mortgagee, the Escrow Agent may release such Revolving Advance to Borrowers.

(v) Within two (2) Business Days after the Escrow Agent has released such Revolving Advance, the Escrow Agent shall send to Agent by a nationally recognized receipted overnight delivery service the following: (i) such endorsed Eligible Mortgage Loan, (ii) all related Mortgage Loan Documents and assignments thereof, which in the case of related Mortgage Loan Documents to be filed or recorded, shall be the non-recorded executed duplicate originals thereof (provided that such recorded Mortgage Loan Documents shall be forwarded directly to Agent) and (iii) such title insurance policy and endorsement.

(vi) No Table Funding Advances shall be made if after giving effect thereto the outstanding balance of all Table Funding Advances (i.e., before all documentation required to be received by Agent is in fact in Agent’s possession) would exceed Two Million Dollars (\$2,000,000) in the aggregate.

(vii) The Escrow Agent shall mark the Mortgage and other recorded Mortgage Loan Documents to be returned directly to Agent to the address set forth in the Agreement.

“GAAP” shall mean generally accepted accounting principles in the United States of America in effect from time to time.

“General Intangibles” shall mean and include as to each Loan Party all of such Loan Party’s general intangibles, whether now owned or hereafter acquired including, without limitation, all payment intangibles, choses in action, causes of action, corporate or other business records, inventions, designs, patents, patent applications, equipment formulations, manufacturing procedures, quality control procedures, trademarks, trade names, service marks, trade secrets, goodwill, copyrights, design rights, registrations, licenses, license fees, franchises, customer lists, tax refunds, tax refund claims, pension fund refunds, pension fund refund claims, overpayments, overpayment claims, reclamation rights, computer programs, software, all claims under guaranties, security interests or other security held by or granted to such Loan Party to secure payment of any of the Receivables by a Mortgagor Customer, all rights of indemnification and all other intangible property of every kind and nature (other than Receivables).

“Governmental Body” shall mean any nation or government, any state or other political subdivision thereof or any entity exercising the legislative, judicial, regulatory or administrative functions of or pertaining to a government.

“Guarantor” shall mean any Person (other than a Loan Party) who may hereafter guarantee payment or performance of the whole or any part of the Obligations. “Guarantors” means collectively all such Persons.

“Guaranty” shall mean any guaranty of the payment or performance of the whole or any part of the Obligations, in whole or in part, executed at any time by a Guarantor in favor of Agent for the ratable benefit of Agent.

“Hazardous Discharge” shall have the meaning set forth in Section 4.18(d) hereof.

“Hazardous Substance” shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, Hazardous Wastes, hazardous or Toxic Substances or related materials as defined in CERCLA, the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), RCRA, Articles 15 and 27 of the New York State Environmental Conservation Law or any other applicable Environmental Law and in the regulations adopted pursuant thereto.

“Hazardous Wastes” shall mean all waste materials subject to regulation under CERCLA, RCRA or applicable state law, and any other applicable Federal and state laws now in force or hereafter enacted relating to hazardous waste disposal.

“Hedge Contract” shall mean any “hedge,” “swap,” “collar,” “cap” or similar agreement between a Loan Party and any other financial institution, including, but not limited to, WBCC, Bank, any Lender or any other Affiliate thereof, intended to fix the relative amount of such Loan Party’s risk in respect of changes in interest rates and foreign currency exchange.

“Historical Financial Statements” shall have the meaning set forth in Section 5.4(a) hereof.

“Initial Revolving Advance” shall mean the initial Revolving Advance (or series of initial Revolving Advances) to be made on the Closing Date.

“Indebtedness” of a Person at a particular date shall mean all obligations of such Person which in accordance with GAAP would be classified upon a balance sheet as liabilities (except trade payable incurred in the Ordinary Course of Business, Equity Interests and surplus earned or otherwise) and in any event, without limitation by reason of enumeration, shall include all indebtedness, debt and other similar monetary obligations of such Person whether direct or guaranteed, and all premiums, if any, due at the required prepayment dates of such indebtedness, and all indebtedness secured by a Lien on assets owned by such Person, whether or not such indebtedness actually shall have been created, assumed or incurred by such Person. Any indebtedness of such Person resulting from the acquisition by such Person of any assets subject to any Lien shall be deemed, for the purposes hereof, to be the equivalent of the creation, assumption and incurring of the indebtedness secured thereby, whether or not actually so created, assumed or incurred.

“Insolvency Event” shall mean, with respect to any Person, including without limitation any Lender, such Person or such Person’s direct or indirect parent company (a) becomes the subject of a bankruptcy or insolvency proceeding (including any proceeding under Title 11 of the United States Code), or regulatory restrictions, (b) has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it or has called a meeting of its creditors, (c) admits in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (d) with respect to a Lender, such Lender is unable to perform hereunder due to the application of applicable Law, or (e) in the good faith determination of Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment of a type described in clauses (a) or (b), provided that an Insolvency Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person’s direct or indirect parent company by a Governmental Body or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Intellectual Property” shall mean property constituting a patent, copyright, trademark (or any application in respect of the foregoing), service mark, copyright, copyright application, trade name, mask work, trade secrets, design right, assumed name or license or other right to use any of the foregoing under applicable Law.

“IRS” shall mean the Internal Revenue Service of the United States Treasury, and any successor thereto.

“Law” shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Governmental Body, foreign or domestic, including all disclosure and other requirements of ERISA, the requirements of Environmental Laws and environmental permits, the requirements of OSHA and the requirements of the Department of Labor.

“Leasehold Interests” shall mean all of each Loan Party’s right, title and interest in and to any Real Property owned by a Person other than Loan Party, whether as tenant, lessee, licensee, operator or otherwise.

“Lender” or “Lenders” shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of such Lender.

“Lender Party” shall mean Agent, Lenders, the Bank, any Purchasing Lender and any Participant, together with each other holder from time to time of any interest in any of the Obligations.

“Lien” shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), Charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held or asserted in respect of any asset of any kind or nature whatsoever including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

“Loan Party” or “Loan Parties” shall have the meaning set forth in the preamble to this Agreement; and shall extend to all permitted successors and assigns of such Persons.

“Loan Year” means each 12 month period commencing on the Closing Date and on each anniversary of the Closing Date.

“Lock-Box Account” shall have the meaning set forth in Section 4.14(d).

“Lock-Box Agreement” shall have the meaning set forth in Section 4.14(d).

“Lock-Box Bank” shall have the meaning set forth in Section 4.14(d).

“Market Value” shall mean, as of any date in respect of an Eligible Mortgage Loan, the price at which such Eligible Mortgage Loan could readily be sold as determined in good faith by the Agent, which price may be determined to be zero. The Agent's determination of Market Value shall be conclusive upon the parties absent manifest error on the part of the Agent.

“Material Adverse Effect” shall mean a material adverse effect on (a) the condition, operations, assets, business or prospects of the applicable Person or Persons, (b) Loan Parties’ ability to pay the Obligations in accordance with the terms thereof, (c) the value of the Collateral, or Agent’s Liens on the Collateral or the priority of any such Lien or (d) the practical realization of the benefits of Agent’s and each Agent’s rights and remedies under this Agreement and the Other Documents.

“Material Agreements” shall mean and include, in the case of each Loan Party, any Subsidiary of any Loan Party or any Guarantor the following: (i) any lease of Real Property, (ii) any lease of personal property having aggregate annual rentals in excess of the Materiality Threshold, (iii) any license agreement for the use of any intellectual property necessary for, or material to, the operation of its business, (iv) any agreement evidencing, pertaining to or securing the payment of, any Indebtedness, (v) any labor or union contract, (vi) any employment contracts with executive officers of Loan Parties, (vii) any long-term purchase or supply contracts, and (viii) any other contract or agreement the termination of which (without its contemporaneous replacement) would reasonably be expected to have a Material Adverse Effect.

“Materiality Threshold” shall mean Two Hundred Fifty Thousand Dollars (\$250,000.00).

“Maximum Revolving Amount” shall mean the maximum amount of Revolving Advances which may be outstanding at any one time, determined without regard to the Borrowing Base, which as of the Closing Date equals Thirty Five Million Dollars (\$35,000,000.00).

“Modified Commitment Transfer Supplement” shall have the meaning set forth in Section 17.3(d) hereof.

“Monthly Advances” shall have the meaning set forth in Section 3.1 hereof.

“Mortgage” shall mean the mortgage, deed of trust or other instrument securing a Mortgage Note which creates a first lien on the fee in real property securing such Mortgage Note executed to secure a Mortgage Note.

“Mortgage File” shall mean, for any Mortgage Loan, (a) the original Mortgage Note bearing all intervening endorsements, duly endorsed to Agent, (b) the original Mortgage(s) securing each Mortgage Note with evidence of recording thereon or copies certified by the related recording office, (c) the original Customer Guaranties (if any) which guaranty the payment and/or performance of each Mortgage Note, (d) the Assignment of Mortgage conveying the related Mortgage to the Agent, (e) the Collateral Assignment executed in connection with such Mortgage(s) and Customer Guaranties, (f) any original stock certificates (accompanied by applicable stock powers), instruments, chattel paper or other collateral securing any Mortgage Loan in which the perfection of Loan Party’s Lien is based upon Loan Party’s possession thereof, (g) the valuation or desktop as complete appraisal of the subject Mortgaged Property prepared by a third party valuation or appraisal service, (h) the Related Title Policy, (i) the personal covenants relating to such Mortgage Note and the evidence of liability and property/casualty coverage relating to the Mortgaged Property, (j) the credit report and credit application respecting the Mortgagor Customer of each Mortgage Note, (k) any and all instruments and documents necessary to comply with the United States Patriot Act, the rules and regulations of the Office of Foreign Asset Control respecting each Mortgage Note, (l) an opinion of independent counsel in all respects acceptable to Agent, addressed to Agent that the Mortgage Note, the Mortgage(s), the Assignment of Mortgage, the Collateral Assignment and Customer Guaranties are the valid and binding obligations of the parties thereto enforceable in accordance with their terms and have been duly and validly endorsed or assigned to Agent, (m) any internal review write-up, (n) the contract of sale (if applicable), (o) environmental reports (if applicable), (p) closing letter, (q) engineer’s report (if applicable), (r) original or copy of assignment of rents (if applicable), (s) original Loan Party’s and guarantors certificate, (t) consent of shareholders, (u) marked title commitment/title policy, assigned to Agent and including Patriot Act and OFAC searches, (v) deed, (w) certificate of incorporation, (x) proof of identification, and (y) to the extent not listed herein, each of the documents listed on Annex Two hereto.

“Mortgage Loan” shall mean a mortgage loan provided by Loan Party to a Mortgagor Customer and which mortgage loan includes, without limitation, (i) a Mortgage Note, the related Mortgage and all other Mortgage Loan Documents and (ii) all right, title and interest of any Loan Party in and to the Mortgaged Property covered by such Mortgage.

“Mortgage Loan Collateral” shall mean: All of the Loan Party's right, title and interest in, to and under each of the following items of property, whether now owned or hereafter acquired, now existing or hereafter created and wherever located:

(i) all Mortgage Loans;

(ii) all Mortgage Loan Documents, including without limitation all promissory notes, and all Servicing Records (as defined in Section 6.13(b)), servicing agreements and any other collateral pledged or otherwise relating to such Mortgage Loans, together with all files, documents, instruments, surveys, certificates, correspondence, appraisals, computer programs, computer storage media, accounting records and other books and records relating thereto;

(iii) all mortgage guaranties and insurance (issued by governmental agencies or otherwise) and any mortgage insurance certificate or other document evidencing such mortgage guaranties or insurance relating to any Mortgage Loan and all claims and payments thereunder;

(iv) all other insurance policies and insurance proceeds relating to any Mortgage Loan or the related Mortgaged Property;

(v) all interest rate protection agreements, relating to or constituting any and all of the foregoing;

(vi) the Blocked Accounts and all other deposit accounts or collection accounts and all monies from time to time on deposit in therein;

(vii) all collateral, however defined, under any Other Document between the Loan Party or any of its Affiliates on the one hand and the Agent or any of its Affiliates on the other hand;

(viii) all “general intangibles”, “accounts” and “chattel paper” as defined in the Uniform Commercial Code relating to or constituting any and all of the foregoing; and

(ix) any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

“Mortgage Loan Documents” shall mean, with respect to a Mortgage Loan, the documents comprising the Mortgage File for such Mortgage Loan.

“Mortgage Loan Schedule” shall mean a list of Eligible Mortgage Loans to be pledged to Agent hereunder attached to each Notice of Borrowing setting forth, as to each Eligible Mortgage Loan, the applicable information specified on Annex Two, Part III hereof.

“Mortgage Note” shall mean the original executed promissory note or other evidence of the indebtedness of a Mortgagor Customer with respect to a Mortgage Loan.

“Mortgaged Property” shall mean the real property (including all improvements, buildings, fixtures, building equipment and personal property thereon and all additions, alterations and replacements made at any time with respect to the foregoing) and all other collateral securing repayment of the debt evidenced by a Mortgage Note.

“Mortgagor Customer” shall mean the obligor on a Mortgage Note.

“Multiemployer Plan” shall mean a “multiemployer plan” as defined in Sections 3(37) and 4001(a)(3) of ERISA.

“Net Worth” shall have the meaning set forth in Section 8.1 hereof.

“Note” shall mean each Revolving Credit Note and any other promissory note at any time evidencing any other portion of the Obligations. “Notes” shall refer, collectively, thereto.

“Notice of Borrowing” shall have the meaning set forth in Section 2.2(a) hereof.

“Obligations” shall mean and include any and all of each Loan Party’s Indebtedness and/or liabilities to Agent and each other Lender Party, of every kind, nature and description, direct or indirect, secured or unsecured, joint, several, joint and several, absolute or contingent, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or by what agreement or instrument they may be evidenced or whether evidenced by any agreement or instrument, including, but not limited to, any and all of any Loan Party’s Indebtedness and/or liabilities to Agent and each other Lender Party, under this Agreement, the Other Documents, any Permitted Hedge Contracts, any Bank Product or under any other agreement between Agent and each other Lender Party, and any Loan Party and all obligations of any Loan Party to Agent and each other Lender Party, to perform acts or refrain from taking any action.

“Ordinary Course of Business” shall mean, with respect to any Loan Party, the ordinary course of such Loan Party’s business as conducted on the Signing Date.

“Organic Documents” shall mean: (i) for a corporation, its articles (or certificate) of incorporation and bylaws; (ii) for a partnership, its articles of organization (if any) and partnership agreement; and (iii) for a limited liability company, its articles (or certificate) of organization and any operating agreement; together with, for each such entity and any other entity not described above, such other, similar documents as are integral to its formation or the conduct of its business operations.

“Origination Date” shall mean, with respect to each Mortgage Loan, the date of the Mortgage Note relating to such Mortgage Loan, unless such information is not provided by the Borrowers with respect to such Mortgage Loan, in which case the Origination Date shall be deemed to be the date that is forty (40) days prior to the date of the first payment under the Mortgage Note relating to such Mortgage Loan.

“OSHA” means Occupation Safety and Health Administration 29 U.S.C. §§ 651 et seq., as same may be amended from time to time.

“Other Documents” shall mean the Notes, any Mortgage and any and all other agreements, instruments and documents, including, without limitation, guaranties, security agreements, pledges, powers of attorney or any Guaranty, any Pledge Agreement, consents, and all other writings heretofore, now or hereafter executed by any Loan Party or any Guarantor and/or delivered to Agent or any other Lender Party, in respect of the transactions contemplated by this Agreement. The term “Other Documents” includes, without limitation, all those documents to which any Loan Party or any Guarantor is a party described in Section 9.1.

“Out-of-Formula Loans” shall have the meaning set forth in Section 17.2(e) hereof.

“Participant” shall mean each Person who shall be granted the right by any Lender to participate in any of the Revolving Advances and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

“Payment Office” shall mean, initially, 360 Lexington Avenue, New York, New York 10017; thereafter, such other office of Agent located in the United States of America, if any, which it may designate by notice to Borrower Representative to be the Payment Office.

“PBGC” shall mean the Pension Benefit Guaranty Corporation.

“Perfection Certificate” shall mean, collectively, the Perfection Certificate for each Loan Party and the responses thereto provided by such Loan Party and delivered to Agent on or prior to the Closing Date.

“Permitted Commercial Loan Financing” shall mean a financing made on commercially reasonable market terms between a Loan Party or a Permitted Commercial Loan Subsidiary and one or more third party financial institution(s) providing loans secured by Commercial Loans and pursuant to which the following additional conditions have been satisfied: (i) Agent shall have received at least ten (10) Business Days’ prior notice of such proposed financing, which notice shall include a reasonably detailed description of such proposed financing; (ii) immediately prior to and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom; (iii) immediately prior to and after giving effect thereto, the Loan Parties shall be in pro forma compliance with the Financial Covenants; (iv) all proceeds of such financing shall be remitted to Agent upon the consummation thereof for application to the Revolving Advances; (v) on or prior to the date of such proposed financing, Agent shall have received copies of the documentation governing such Permitted Commercial Loan Financing; and (vi) any Liens securing such proposed financing shall be limited to a collateral assignment of Commercial Loans and the related Commercial Mortgaged Property, promissory notes and mortgage files and the proceeds thereof.

“Permitted Commercial Loan Subsidiary” shall mean a Subsidiary of a Borrower created to own Commercial Loans in connection with a Permitted Commercial Loan Financing.

“Permitted Discretion” means a determination made in good faith and in the exercise (from the perspective of a secured asset-based lender) of commercially reasonable business judgment.

“Permitted Encumbrances” shall mean (a) Liens in favor of Agent for the benefit of itself and each other Lender Party which, in each case, secure Obligations; (b) Liens for taxes, assessments or other governmental charges not delinquent or being Properly Contested; (c) deposits or pledges to secure obligations under worker’s compensation, social security or similar laws, or under unemployment insurance; (d) judgment Liens which do not otherwise constitute an Event of Default under Section 11.6, that have been (and remain) stayed or bonded and are being Properly Contested; (e) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of any Loan Party’s business; (f) mechanic’s, worker’s, materialmen’s or other like Liens arising in the ordinary course of any Loan Party’s business with respect to obligations which are not due or which are being Properly Contested; (g) Liens placed upon fixed assets or capital hereafter acquired to secure a portion of the purchase price thereof, provided that (1) any such lien shall not encumber any other property of the Loan Parties and (2) the aggregate amount of Indebtedness secured by such Liens incurred as a result of such purchases during any Fiscal Year shall not exceed the amount provided for in Section 7.9 (iv); (h) Liens in the nature of ownership interests of lessors of real and personal property, to the extent such leases are permitted under Sections 7.19 hereof; (i) the Bankwell Mortgage and any other Liens upon the 698 Main Street Property in favor of Bankwell or any other Person securing Indebtedness incurred to fund the renovation thereof; (j) Liens in respect of Permitted Commercial Loan Financing; and (k) other Liens incidental to the conduct of Loan Parties’ business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially detract from Agent’s rights in and to the Collateral or the value of Loan Parties’ property or assets or which do not materially impair the use thereof in the operation of Loan Parties’ business.

“Permitted Hedge Contracts” shall mean any Hedge Contracts entered into in the ordinary course of, and pursuant to the reasonable requirements of, Loan Parties’ business, and not for speculative purposes in any event.

“Permitted Subordinated Debt” shall mean and include such Subordinated Debt as the Agent may consent to be incurred (or carried) by Loan Parties at any time or from time to time, which shall at all times be subject to a Subordination Agreement in favor of Agent and the Lenders. As of the Closing Date, there is no Permitted Subordinated Debt.

“Person” shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

“Plan” shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of Loan Parties or any member of the Controlled Group or any such Plan to which any Loan Party or any member of the Controlled Group is required to contribute on behalf of any of its employees.

“Pledge Agreement” shall mean that certain pledge agreement from each Loan Party in favor of Agent, for the pro rata benefit of the Lender Parties, in respect of the Equity Interest of each Subsidiary owned by it (limited, in the case of Foreign Subsidiaries, to sixty-five percent (65%) of such Equity Interests), in form and substance satisfactory to Lender.

“Pledged Account” shall have the meaning given to such term in Section 4.14(e) hereof.

“Pledged Account Agreement” shall have the meaning given to such term in Section 4.14(e).

“Principals” shall mean John L. Villano and Jeffrey C. Villano.

“Projections” shall have the meaning set forth in Section 5.4(b) hereof.

“Properly Contested” shall mean, in the case of any Indebtedness, Lien or Taxes, as applicable, of any Person that are not paid as and when due or payable by reason of such Person’s bona fide dispute concerning its liability to pay the same or concerning the amount thereof: (a) such Indebtedness, Lien or Taxes, as applicable, are being properly contested in good faith by appropriate proceedings promptly instituted and diligently conducted; (b) such Person has established appropriate reserves as shall be required in conformity with GAAP; (c) the non-payment of such Indebtedness or Taxes will not have a Material Adverse Effect or will not result in the forfeiture of any assets of such Person; (d) no Lien is imposed upon any of such Person’s assets with respect to such Indebtedness or taxes unless such Lien (x) does not attach to any Receivables or inventory, (y) is at all times junior and subordinate in priority to the Liens in favor of the Agent (except only with respect to property Taxes that have priority as a matter of applicable state law) and, (z) enforcement of such Lien is stayed during the period prior to the final resolution or disposition of such dispute; and (e) if such Indebtedness or Lien, as applicable, results from, or is determined by the entry, rendition or issuance against a Person or any of its assets of a judgment, writ, order or decree, enforcement of such judgment, writ, order or decree is stayed pending a timely appeal or other judicial review.

“Protective Advances” shall have the meaning set forth in Section 17.2 hereof.

“Published Rate” shall mean the rate of interest published each Business Day in the Wall Street Journal “Money Rates” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the LIBOR Rate for a one month period as published in another publication selected by Agent or, if LIBOR becomes unavailable or impracticable to use as an index rate, such other equivalent rate selected by Agent); provided, however, that if the Published Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Purchasing CLO” shall have the meaning set forth in Section 17.3(d) hereof.

“Purchasing Lender” shall have the meaning set forth in Section 17.3(c) hereof.

“RCRA” shall mean the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as same may be amended from time to time.

“Real Property” shall mean all premises or real property owned or leased premises by a Loan Party, existing on or after the Closing Date, including, particularly, the real property identified on Schedule 5.25 hereto.

“Receivables” shall mean and include, as to each Loan Party, all of such Loan Party’s accounts, contract rights, instruments (including those evidencing indebtedness owed to Loan Parties by their respective Affiliates), documents, chattel paper (including electronic chattel paper), general intangibles relating to accounts, drafts and acceptances (including payment intangibles), and all other forms of obligations owing to such Loan Party arising out of or in connection with a Mortgage Loan, the sale or lease of Inventory or the rendition of services, all guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

“Register” shall have the meaning set forth in Section 17.3(e) hereof.

“REIT” means a real estate investment trust under Sections 856-860 of the Code.

“REIT Distributions” means dividends or distributions required to be made by a real estate investment trust under Sections 856-860 of the Code.

“Related Title Policy” shall mean a policy of title insurance insuring the first priority of a Mortgage, in the form described in clause (o) of Annex Two, Part I hereof.

“Release” shall have the meaning set forth in Section 5.6(c)(i) hereof.

“Reportable Event” shall mean a reportable event described in Section 4043(b) of ERISA or the regulations promulgated thereunder.

“Reportable Compliance Event” shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

“Required Lenders” shall mean Lenders (not including any Defaulting Lender) holding greater than fifty percent (50%) of either (a) the aggregate of the Revolving Commitment Amounts of all Lenders (excluding any Defaulting Lender), or (b) after the termination of all Commitments of Lenders hereunder, the sum of (x) the outstanding Revolving Advances; provided, however, if there are fewer than three (3) Lenders, Required Lenders shall mean all Lenders (excluding any Defaulting Lender).

“Reserve Percentage” shall mean as of any day the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities”).

“Revolving Advances” shall mean and include any loans, advances or other financial accommodations made under, pursuant to or in connection with this Agreement or any Other Document.

“Revolving Advance Request Date” shall have the meaning set forth in Section 9.2 hereof.

“Revolving Commitment” shall mean, as to any Lender, the obligation of such Lender (if applicable), to make Revolving Advances in an aggregate principal and/or face amount not to exceed the Revolving Commitment Amount (if any) of such Lender.

“Revolving Commitment Amount” shall mean, as to any Lender, the Revolving Commitment amount (if any) set forth below such Lender’s name on Schedule 1.1 hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 17.3(c) or (d) hereof, the Revolving Commitment amount (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement).

“Revolving Commitment Percentage” shall mean, as to any Lender, the Revolving Commitment Percentage (if any) set forth below such Lender’s name on Schedule 1.1 hereof (or, in the case of any Lender that became party to this Agreement after the Closing Date pursuant to Section 17.3(c) or (d) hereof, the Revolving Commitment Percentage (if any) of such Lender as set forth in the applicable Commitment Transfer Supplement).

“Revolving Credit Note(s)” shall mean the promissory note(s) referred to in Section 2.1(a) hereof evidencing Indebtedness of Borrower to a Lender arising from the making of Revolving Advances.

“Revolving Interest Rate” shall mean an interest rate per annum equal to the sum of the Daily LIBOR Rate plus the Applicable Margin.

“Sanctioned Country” shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law.

“Sanctioned Person” shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

“Securities” shall mean and include, as to each Loan Party, all marketable securities and investment property owned by Loan Party, whether now existing or hereafter created, including any held by any intermediary in any “street” name, pursuant to any custody arrangement or otherwise.

“Senior Funded Debt” shall have the meaning set forth in Section 8.1 hereof.

“Senior Funded Debt to Tangible Net Worth Ratio” shall have the meaning set forth in Section 8.1 hereof.

“Settlement Date” shall have the meaning set forth in Section 2.9(d) hereof.

“Signing Date” shall have the meaning set forth in the preamble to the Agreement.

“Subordinated Debt” shall mean Indebtedness which has been subordinated, in right of payment and claim, to the rights and claims of Agent and Lenders in respect of the Obligations, on terms satisfactory to Agent, pursuant to a Subordination Agreement.

“Subordination Agreement” shall mean an agreement, satisfactory in form and substance to Agent, among (i) Agent, for the benefit of Lenders, (ii) a creditor holding Indebtedness permitted to be incurred hereunder, and (iii) the Loan Parties (whether directly or by consent), setting forth the terms by which such Indebtedness held by such creditor shall become Permitted Subordinated Debt hereunder.

“Subsidiary” shall mean a corporation or other entity of whose shares of Equity Interests having ordinary voting power (other than Equity Interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation or other entity, or other Persons performing similar functions for such corporation or entity, are owned, directly or indirectly, by such Person. Unless otherwise expressly provided herein, references herein to a “Subsidiary” or the “Subsidiaries” shall mean and refer to Subsidiaries of the Loan Parties, including any not in being on the Signing Date in anticipation of their subsequent creation or acquisition in accordance with the terms hereof.

“Subsidiary Pledge Agreement” shall mean that certain pledge agreement from Borrower in favor of Agent in respect of the Equity Interest of each Subsidiary owned by it (limited, in the case of Foreign Subsidiaries, to sixty-five percent (65%) of such Equity Interests), in form and substance satisfactory to Agent.

“Table Funding Advances” see section (b) of the definition of Funding Requirements.

“Tangible Net Worth” shall have the meaning set forth in Section 8.1 hereof.

“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

“Term” shall have the meaning set forth in Section 14.1 hereof.

“Termination Event” shall mean: (i) a Reportable Event with respect to any Plan or Multiemployer Plan; (ii) the withdrawal of any Loan Party or any member of the Controlled Group from a Plan or Multiemployer Plan during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA; (iii) the providing of notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC of proceedings to terminate a Plan or Multiemployer Plan; (v) any event or condition (a) which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan, or (b) that may result in termination of a Multiemployer Plan pursuant to Section 4041A of ERISA; or (vi) the partial or complete withdrawal within the meaning of Sections 4203 and 4205 of ERISA, of any Loan Party or any member of the Controlled Group from a Multiemployer Plan.

“Test Period” shall have the meaning set forth in Section 8.1 hereof.

“Title Insurer” the issuer of a title insurance policy which insures a Mortgage.

“Toxic Substance” shall mean and include any material present on the Real Property which has been shown to have significant adverse effect on human health or which is subject to regulation under the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601 et seq., applicable state law, or any other applicable Federal or state laws now in force or hereafter enacted relating to toxic substances. “Toxic Substance” includes but is not limited to asbestos, polychlorinated biphenyls (PCBs) and lead-based paints.

“Transferee” shall have the meaning set forth in Section 17.3(b) hereof.

“Undrawn Availability” at a particular date shall mean an amount equal to (a) the lesser of (i) the Borrowing Base or (ii) the Maximum Revolving Amount, minus (b) the sum of (i) the outstanding amount of Revolving Advances plus (ii) all amounts due and owing to Loan Parties’ trade creditors which are outstanding beyond normal trade terms, plus (iii) all fees and expenses for which Loan Parties are liable hereunder but which have not been paid or charged to Borrowers’ Account.

“Unfinanced Capital Expenditures” shall have the meaning set forth in Section 8.1 hereof.

“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code as adopted in the State of New York.

“United States” or “U.S.” means the United States of America.

“Validity Guaranty” shall have the meaning set forth in Section 9.1(u) hereof.

“Yield Surcharge” shall have the meaning set forth in Section 3.11 hereof.

“WBCC” shall have the meaning set forth in the preamble to this Agreement; and shall include its successors and assigns.

ANNEX ONE, Acknowledged and Agreed:

“Borrower” or “Borrower Representative”

SACHEM CAPITAL CORP.

By: /s/ John Villano

Name: John Villano

Title: Co - CEO

May 11, 2018

Signature Page to Annex One

ANNEX TWO

REPRESENTATIONS AND WARRANTIES RE: MORTGAGE LOANS

Part I. Eligible Mortgage Loans

As to each Mortgage Loan included in the Borrowing Base on a Funding Date (and the related Mortgage, Mortgage Note, Assignment of Mortgage, Collateral Assignment and Mortgaged Property), the Borrowers shall be deemed to make the following representations and warranties to the Agent as of such date and as of each date Collateral Value is determined (certain defined terms used herein and not otherwise defined in the Loan Agreement appearing in Part II to this Annex Two):

(a) Mortgage Loans as Described. The information set forth in the Mortgage Loan Schedule and in each Notice of Borrowing with respect to the Mortgage Loan is complete, true and correct in all material respects.

(b) Payments Current. All payments required to be made up to the Funding Date for the Mortgage Loan under the terms of the Mortgage Note have been made and credited. No payment required under the Mortgage Loan is delinquent nor has any payment under the Mortgage Loan been delinquent at any time since the origination of the Mortgage Loan. The first Monthly Payment shall be made, or shall have been made, with respect to the Mortgage Loan on its Due Date or within the grace period, all in accordance with the terms of the related Mortgage Note.

(c) No Outstanding Charges. There are no defaults in complying with the terms of the Mortgage securing the Mortgage Loan, and all taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, which Borrowers and Mortgagor Customer are endeavoring and undertaking to cure or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed but is not yet due and payable. Borrower has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor Customer, directly or indirectly, for the payment of any amount required under the Mortgage Loan, except for interest accruing from the date of the Mortgage Note or date of disbursement of the proceeds of the Mortgage Loan, whichever is earlier, to the day which precedes by one month the Due Date of the first installment of principal and interest thereunder.

(d) Original Terms Unmodified. The terms of the Mortgage Note and Mortgage have not been impaired, waived, altered or modified in any respect, from the date of origination; except by a written instrument which has been recorded, if necessary to protect the interests of the Agent, and which has been delivered to the Agent and the terms of which are reflected in the Mortgage Loan Schedule. The substance of any such waiver, alteration or modification has been approved by the title insurer, to the extent required, and its terms are reflected on the Mortgage Loan Schedule. No Mortgagor Customer in respect of the Mortgage Loan has been released, in whole or in part, except in connection with an assumption agreement approved by the title insurer, to the extent required by such policy, and which assumption agreement is part of the Mortgage File delivered to the Agent and the terms of which are reflected in the Mortgage Loan Schedule.

(e) No Defenses. The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, nor will the operation of any of the terms of the Mortgage Note or the Mortgage, or the exercise of any right thereunder, render either the Mortgage Note or the Mortgage unenforceable, in whole or in part and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto, and no Mortgagor Customer in respect of the Mortgage Loan was a debtor in any state or Federal bankruptcy or insolvency proceeding at the time the Mortgage Loan was originated. The Borrowers have no knowledge nor has it received any notice that any Mortgagor Customer in respect of the Mortgage Loan is a debtor in any state or federal bankruptcy or insolvency proceeding.

(f) Hazard Insurance. The Mortgaged Property is insured by a fire and extended perils insurance policy, issued by a Qualified Insurer, and such other hazards as are customary in the area where the Mortgaged Property is located, and to the extent required by the Borrowers as of the date of origination consistent with the Underwriting Guidelines, against earthquake and other risks insured against by Persons operating like properties in the locality of the Mortgaged Property, in an amount not less than the greatest of (i) 100% of the replacement cost of all improvements to the Mortgaged Property, (ii) the outstanding principal balance of the Mortgage Loan, or (iii) the amount necessary to avoid the operation of any co-insurance provisions with respect to the Mortgaged Property, and consistent with the amount that would have been required as of the date of origination in accordance with the Underwriting Guidelines. If any portion of the Mortgaged Property is in an area identified by any federal Governmental Body as having special flood hazards, and flood insurance is available, a flood insurance policy meeting the current guidelines of the Federal Emergency Management Agency is in effect with a generally acceptable insurance carrier, in an amount representing coverage not less than the least of (1) the outstanding principal balance of the Mortgage Loan, (2) the full insurable value of the Mortgaged Property, and (3) the maximum amount of insurance available under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1974. All such insurance policies (collectively, the "hazard insurance policy") contain a standard mortgagee clause naming the Borrower, its successors and assigns (including without limitation, subsequent owners of the Mortgage Loan), as mortgagee, and may not be reduced, terminated or canceled without 30 days' prior written notice to the mortgagee. No such notice has been received by the Borrowers. All premiums on such insurance policy have been paid. The related Mortgage obligates the Mortgagor Customer to maintain all such insurance and, at such Mortgagor Customer's failure to do so, authorizes the mortgagee to maintain such insurance at the Mortgagor Customer's cost and expense and to seek reimbursement therefor from such Mortgagor Customer. Where required by state law or regulation, the Mortgagor Customer has been given an opportunity to choose the carrier of the required hazard insurance, provided the policy is not a "master" or "blanket" hazard insurance policy covering a condominium, or any hazard insurance policy covering the common facilities of a planned unit development. The hazard insurance policy is the valid and binding obligation of the insurer and is in full force and effect. The Borrowers have not engaged in, and has no knowledge of the Mortgagor Customer's having engaged in, any act or omission which would impair the coverage of any such policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by the Borrower.

(g) Compliance with Applicable Laws. Any and all requirements of any federal, state or local law may be applicable to the Mortgage Loan have been complied with, the consummation of the transactions contemplated hereby will not involve the violation of any such laws or regulations.

(h) No Satisfaction of Mortgage. The Mortgage has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would affect any such release, cancellation, subordination or rescission. The Borrowers have not waived the performance by the Mortgagor Customer of any action, if the Mortgagor Customer's failure to perform such action would cause the Mortgage Loan to be in default, nor has any Borrower waived any default resulting from any action or inaction by the Mortgagor Customer.

(i) Location and Type of Mortgaged Property. The Mortgaged Property is located in the state identified in the Mortgage Loan Schedule and consists of a commercial mortgage for a single parcel of real property used primarily for residential purposes. No Mortgaged Property is secured by raw land or located in a distressed area or zoned as such. No Mortgaged Property is located in a condominium unit or project. No Mortgage Loan was used in connection with an infrastructure project. No mortgages for real property used primarily for commercial purposes shall be included as Eligible Mortgage Loans.

(j) Valid Lien. The Mortgage is a valid, subsisting, enforceable and perfected first lien, on the property included in the Mortgaged Property, including all buildings on the Mortgaged Property and all installations and mechanical, electrical, plumbing, heating and air conditioning systems located in or annexed to such buildings, and all additions, alterations and replacements made at any time with respect to the foregoing. The lien of the Mortgage is subject only to:

(i) the lien of current real property taxes and assessments not yet due and payable;

(ii) covenants, conditions and restrictions, rights of way, easements and other matters of the public record as of the date of recording acceptable to prudent mortgage lending institutions generally and specifically referred to in the lender's title insurance policy delivered to the originator of the Mortgage Loan and (a) referred to or otherwise considered in the appraisal made for the originator of the Mortgage Loan or (b) which do not adversely affect the Appraised Value of the Mortgaged Property set forth in such appraisal; and

(iii) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Mortgage or the use, enjoyment, value or marketability of the related Mortgaged Property.

Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Mortgage Loan establishes and creates a valid, subsisting and enforceable first lien and first priority security interest on the property described therein and the Borrowers have full right to pledge and assign the same to the Agent. The Mortgaged Property was not, as of the date of origination of the Mortgage Loan, encumbered by any deeds of trust, deed to secure debt or other security instrument creating a lien subordinate to the lien of the Mortgage.

(k) Validity of Mortgage Documents. The Mortgage Note and the Mortgage and any other agreement executed and delivered by a Mortgagor Customer or guarantor, if applicable, in connection with a Mortgage Loan, are genuine, and each is the legal, valid and binding obligation of the maker thereof enforceable in accordance with its terms. All parties to the Mortgage Note, the Mortgage and any other such related agreement had legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note, the Mortgage and any such other related agreement, and the Mortgage Note, the Mortgage and any other such related agreement have been duly and properly executed by such parties. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Person, including, without limitation, the Mortgagor Customer, any appraiser, any builder or developer, or any other party involved in the origination of the Mortgage Loan. The Borrowers have reviewed all of the documents constituting the Mortgage File and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth herein.

(l) Full Disbursement of Proceeds. The Mortgage Loan has been closed and the proceeds of the Mortgage Loan have been fully disbursed and there is no further requirement for future advances thereunder, except in the case of construction loans, and any and all requirements as to completion of any on-site or off-site improvement and as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Mortgage were paid, and the Mortgagor Customer is not entitled to any refund of any amounts paid or due under the Mortgage Note or Mortgage.

(m) Ownership. The Borrowers are the sole owner and holder of the Mortgage Loan. The Mortgage Loan is not assigned or pledged, and each Borrower has good, indefeasible and marketable title thereto, and has full right to transfer, pledge and assign the Mortgage Loan to the Agent free and clear of any encumbrance, equity, participation interest, lien, pledge, negative pledge, charge, claim or security interest, and has full right and authority subject to no interest or participation of, or agreement with, any other party, to assign, transfer and pledge each Mortgage Loan pursuant to this Loan Agreement and following the pledge of each Mortgage Loan, the Agent will hold such Mortgage Loan free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim or security interest except any such security interest created pursuant to the terms of this Agreement.

(n) Doing Business. All parties which have had any interest in the Mortgage Loan, whether as mortgagee, assignee, pledgee or otherwise, are (or, during the period in which they held and disposed of such interest, were) (i) in compliance with any and all applicable licensing requirements of the laws of the state wherein the Mortgaged Property is located, and (ii) either (A) organized under the laws of such state, (B) qualified to do business in such state, (C) a federal savings and loan association, a savings bank or a national bank having a principal office in such state, or (D) not doing business in such state.

(o) Title Insurance. The Mortgage Loan is covered by either (i) an attorney's opinion of title and abstract of title, the form and substance of which is acceptable to prudent mortgage lending institutions making mortgage loans in the area wherein the Mortgaged Property is located or (ii) an ALTA lender's title insurance policy or other generally acceptable form of policy or insurance acceptable to FNMA or FHLMC and each such title insurance policy is issued by a title insurer acceptable to FNMA or FHLMC and qualified to do business in the jurisdiction where the Mortgaged Property is located, insuring each Borrower, its successors and assigns, as to the first priority lien of the Mortgage in the original principal amount of the Mortgage Loan (or to the extent a Mortgage Note provides for negative amortization, the maximum amount of negative amortization in accordance with the Mortgage), subject only to the exceptions contained in clauses (1), (2) and (3) of paragraph (j) of this Part I of Annex Two, and any other matters that Borrowers agreed to allow to be outstanding against the Mortgaged Property, provided that such matters, would not affect the recovery of funds in the event of foreclosure, and in the case of adjustable rate Mortgage Loans, against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment to the Mortgage Interest Rate and Monthly Payment. Where required by state law or regulation, the Mortgagor Customer has been given the opportunity to choose the carrier of the required mortgage title insurance. Additionally, such lender's title insurance policy affirmatively insures ingress and egress and against encroachments by or upon the Mortgaged Property or any interest therein. The title policy does not contain any special exceptions (other than the standard exclusions) for zoning and uses. The Borrower, its successors and assigns, are the sole insureds of such lender's title insurance policy, and such lender's title insurance policy is valid and remains in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by this Loan Agreement. No claims have been made under such lender's title insurance policy, and no prior holder or servicer of the related Mortgage, including the Borrower, has done, by act or omission, anything which would impair the coverage of such lender's title insurance policy, including, without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other Person, and no such unlawful items have been received, retained or realized by the Borrower. Each title policy includes a clean Patriot Act and OFAC search.

(p) No Defaults. There is no default, breach, violation or event of acceleration existing under the Mortgage or the Mortgage Note and no event has occurred which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and neither the Borrowers nor their predecessors have waived any default, breach, violation or event of acceleration. No payment under any Mortgage Loan is more than sixty (60) days past due.

(q) No Mechanics' Liens. There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under the law could give rise to such liens) affecting the Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the Mortgage.

(r) Location of Improvements: No Encroachments. All improvements which were considered in determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of the Mortgaged Property, and no improvements on adjoining properties encroach upon the Mortgaged Property.

(s) Intentionally Deleted.

(t) Customary Provisions. The Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security provided thereby, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure. Upon default by a Mortgagor Customer on a Mortgage Loan and foreclosure on, or trustee's sale of, the Mortgaged Property pursuant to the proper procedures, the holder of the Mortgage Loan will be able to deliver good and merchantable title to the Mortgaged Property. There is no homestead or other exemption available to a Mortgagor Customer which would interfere with the right to sell the Mortgaged Property at a trustee's sale or the right to foreclose the Mortgage.

(u) Conformance with Underwriting Guidelines and Agency Standards. The Mortgage Loan was underwritten in accordance with the Underwriting Guidelines. The Borrowers have not made any representations to a Mortgagor Customer that are inconsistent with the mortgage instruments used.

(v) Occupancy of the Mortgaged Property. As of the Funding Date, all uses of the Mortgaged Property are lawful, and if the Mortgaged Property is or becomes occupied, then it is or it will be lawfully occupied. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities. The Borrowers have not received notification from any Governmental Body that the Mortgaged Property is in material non-compliance with such laws or regulations, is being used, operated or occupied unlawfully or has failed to have or obtain such inspection, licenses or certificates, as the case may be, which Borrowers and Mortgagor Customer are not endeavoring to cure. The Borrowers have not received notice of any violation or failure to conform with any such law, ordinance, regulation, standard, license or certificate. The Mortgagor Customer represented at the time of origination of the Mortgage Loan that the Mortgagor Customer would NOT occupy the Mortgaged Property as a residence.

(w) No Additional Collateral. The Mortgage Note is not and has not been secured by any collateral except the lien of the corresponding Mortgage and the security interest of any applicable security agreement or chattel mortgage referred to in clause (j) above.

(x) Deeds of Trust. In the event the Mortgage constitutes a deed of trust, a trustee, authorized and duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by the Agent to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor Customer.

(y) Delivery of Mortgage Documents. The Mortgage Note, the Mortgage, the Assignment of Mortgage and any other documents required to be delivered under the Loan Agreement for each Mortgage Loan have been delivered to Agent.. The Borrowers or their agent is in possession of a complete, true and accurate Mortgage File, except for such documents the originals of which have been delivered to Agent.

(z) Transfer of Mortgage Loans. The Assignment of Mortgage is in recordable form and is acceptable for recording under the laws of the jurisdiction in which the Mortgaged Property is located.

(a a) Due-On-Sale. The Mortgage contains an enforceable provision for the acceleration of the payment of the unpaid principal balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee thereunder.

(b b) No Buydown Provisions; No Graduated Payments or Contingent Interests. The Mortgage Loan does not contain provisions pursuant to which Monthly Payments are paid or partially paid with funds deposited in any separate account established by the Borrower, the Mortgagor Customer, or anyone on behalf of the Mortgagor Customer, or paid by any source other than the Mortgagor Customer nor does it contain any other similar provisions which may constitute a “buydown” provision. The Mortgage Loan is not a graduated payment mortgage loan and the Mortgage Loan does not have a shared appreciation or other contingent interest feature.

(cc) Consolidation of Future Advances. Any future advances made to the Mortgagor Customer prior to the Funding Date have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term. The lien of the Mortgage securing the consolidated principal amount is expressly insured as having first lien priority by a title insurance policy, an endorsement to the policy insuring the mortgagee's consolidated interest or by other title evidence acceptable to FNMA and FHLMC. The consolidated principal amount does not exceed the original principal amount of the Mortgage Loan.

(d d) Mortgaged Property Undamaged. There have not been any condemnation proceedings with respect to the Mortgaged Property and the Borrowers have no knowledge of any such proceedings.

(ee) Collection Practices; Escrow Deposits; Interest Rate Adjustments. The origination and collection practices used by the originator, each servicer of the Mortgage Loan and the Borrowers with respect to the Mortgage Loan have been in all respects in compliance with Accepted Servicing Practices, applicable laws and regulations, and have been in all respects legal and proper. With respect to escrow deposits and Escrow Payments, if any, all such payments are in the possession of, or under the control of, the Borrowers and there exist no deficiencies in connection therewith for which customary arrangements for repayment thereof have not been made. All Escrow Payments have been collected in full compliance with state and federal law. An escrow of funds is not prohibited by applicable law and has been established in an amount sufficient to pay for every item that remains unpaid and has been assessed but is not yet due and payable. No escrow deposits or Escrow Payments or other charges or payments due the Borrowers have been capitalized under the Mortgage or the Mortgage Note. All Mortgage Interest Rate adjustments have been made in strict compliance with state and federal law and the terms of the related Mortgage Note. Any interest required to be paid pursuant to state, federal and local law has been properly paid and credited.

(ff) Fixed Interest Rate. The Mortgage Loan is a fixed interest rate Mortgage Loan.

(g g) Other Insurance Policies. No action, inaction or event has occurred and no state of facts exists or has existed that has resulted or will result in the exclusion from, denial of, or defense to coverage under any applicable special hazard insurance policy, PMI Policy or bankruptcy bond, irrespective of the cause of such failure of coverage. In connection with the placement of any such insurance, no commission, fee, or other compensation has been or will be received by the Borrowers or by any officer, director, or employee of the Borrowers or any designee of the Borrowers or any corporation in which the Borrowers or any officer, director, or employee had a financial interest at the time of placement of such insurance.

(h h) Soldiers' and Sailors' Civil Relief Act. The Mortgagor Customer has not notified the Borrower, and the Borrowers have no knowledge, of any relief requested or allowed to the Mortgagor Customer under the Soldiers' and Sailors' Civil Relief Act of 1940.

(ii) Appraisal and Special Provisions re: Amounts. With respect to Eligible Mortgage Loans equal to or greater than \$250,000 (except with respect to Table Funding Advances), such Mortgage File contains a third party desktop as complete appraisal of the related Mortgaged Property, which desktop as complete appraisal shall be acceptable to Agent in form and content, signed prior to the approval of the Mortgage Loan application by a qualified appraiser, duly appointed by the Borrower, who had no interest, direct or indirect in the Mortgaged Property or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of the Mortgage Loan, and the appraisal and appraiser both satisfy the requirements under the licensing department of the respective state where such Mortgaged Property is located. With respect to Table Funding Advances and Eligible Mortgage Loans less than \$250,000, such Eligible Mortgage loan shall be accompanied by an internal valuation of the Mortgaged Property described in the Mortgage which secures such Mortgage Note, which valuation shall be acceptable to Agent in form and content. Notwithstanding any of the foregoing, the Borrowers accept, agree and acknowledge that Agent may, as part of its process to verify Collateral values in connection with this Agreement, conduct such independent desktop as complete appraisals at Borrower's cost of a sample of the Mortgaged Property as it deems necessary. The Borrowers further accept, agree and acknowledge that if an Event of Default shall have occurred and be continuing, the Agent may, at its sole discretion, conduct such independent desktop as complete appraisals at Borrowers' cost on the Mortgaged Property as it deems necessary.

(j j) Disclosure Materials. If applicable, the Mortgagor Customer has executed a statement to the effect that the Mortgagor Customer has received all disclosure materials required by applicable law with respect to the making of adjustable rate mortgage loans, and the Borrowers maintain such statement in the Mortgage File.

(kk) No Defense to Insurance Coverage. No action has been taken or failed to be taken, no event has occurred and no state of facts exists or has existed on or prior to the Funding Date (whether or not known to the Borrowers on or prior to such date) which has resulted or will result in an exclusion from, denial of, or defense to coverage under any private mortgage insurance (including, without limitation, any exclusions, denials or defenses which would limit or reduce the availability of the timely payment of the full amount of the loss otherwise due thereunder to the insured) whether arising out of actions, representations, errors, omissions, negligence, or fraud of the Borrower, the related Mortgagor Customer or any party involved in the application for such coverage, including the appraisal, plans and specifications and other exhibits or documents submitted therewith to the insurer under such insurance policy, or for any other reason under such coverage, but not including the failure of such insurer to pay by reason of such insurer's breach of such insurance policy or such insurer's financial inability to pay.

(ll) Capitalization of Interest. The Mortgage Note does not by its terms provide for the capitalization or forbearance of interest.

(mm) No Equity Participation. No document relating to the Mortgage Loan provides for any contingent or additional interest in the form of participation in the cash flow of the Mortgaged Property or a sharing in the appreciation of the value of the Mortgaged Property. The indebtedness evidenced by the Mortgage Note is not convertible to an ownership interest in the Mortgaged Property or the Mortgagor Customer and the Borrowers have not financed nor do they own directly or indirectly, any equity of any form in the Mortgaged Property or the Mortgagor Customer.

(nn) Proceeds of Mortgage Loan. The proceeds of the Mortgage Loan have not been and shall not be used to satisfy, in whole or in part, any debt owed or owing by the Mortgagor Customer to the Borrower or any Affiliate or correspondent of the Borrower.

(o o) Mortgage Submitted for Recordation. The Mortgage either has been or will promptly be submitted for recordation in the appropriate governmental recording office of the jurisdiction where the Mortgaged Property is located.

(pp) Rejection for Purchase by Whole Loan Buyer. Except as previously disclosed to the Agent by the Borrower and approved by Agent in writing, no Mortgage Loan has been rejected for purchase by a whole loan buyer.

(qq) Environmental Matters. To the best of Borrowers' knowledge, the Mortgaged Property is free from any and all toxic or hazardous substances and there exists no violation of any local, state or federal environmental law, rule or regulation.

(r r) Value of Mortgaged Property. The Borrowers have no knowledge of any circumstances existing that should reasonably be expected to adversely affect the value or the marketability of the Mortgaged Property or the Mortgage Loan or to cause the Mortgage Loan to prepay during any period materially faster or slower than the Mortgage Loans acquired by the Borrowers generally.

(ss) HOEPA. No Mortgage Loan is (a) subject to the provisions of the Homeownership and Equity Protection Act of 1994 as amended (“HOEPA”), (b) a “high cost” mortgage loan, “covered” mortgage loan or “predatory” mortgage loan or any other comparable term, no matter how defined under any federal, state or local law, or (c) subject to any comparable federal, state or local statutes or regulations, including, without limitation, the provisions of the Georgia Fair Lending Act, the City of Oakland, California Anti-Predatory Lending Ordinance No. 12361 or any other statute or regulation providing assignee liability to holders of such mortgage loans.

(tt) No Predatory Lending. No predatory, abusive or deceptive lending practices, including but not limited to, the extension of credit to a Mortgagor Customer without regard for the Mortgagor Customer’s ability to repay the Mortgage Loan and the extension of credit to a Mortgagor Customer which has no tangible net benefit to the Mortgagor Customer, were employed in connection with the origination of the Mortgage Loan.

(uu) Assignment of Mortgage. Each Mortgage File is accompanied by an enforceable Assignment of Mortgage and the Collateral Assignment.

(vv) Notifications to Title Insurance Company. Borrowers shall cause Agent to be noted as additional insured on all insurance certificates presented in association with each Mortgage Loan. Borrowers have notified the title insurance company of the assignment of the loan to Agent and, at any time following the occurrence of an Event of Default or a Default, such insurance policies shall be transferred to Agent.

(w w) Lead Paint. To the best of Borrower’s knowledge, there is no pending action or proceeding involving any Mortgaged Property in which the compliance with any lead paint law, rule or regulation is an issue. Nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation that constitutes a prerequisite to the use and enjoyment of such property.

Part II. Defined Terms

In addition to terms defined elsewhere in the Loan Agreement, the following terms shall have the following meanings when used in this Annex Two:

“ALTA” means the American Land Title Association.

“Appraised Value” shall mean the value set forth in a desktop as complete appraisal made in connection with the origination of the related Mortgage Loan as the value of the Mortgaged Property.

“Best’s” means Best's Key Rating Guide, as the same shall be amended from time to time.

“Due Date” means the day of the month on which the Monthly Payment is due on a Mortgage Loan, exclusive of any days of grace.

“Escrow Payments” means with respect to any Mortgage Loan, the amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, mortgage insurance premiums, fire and hazard insurance premiums, condominium charges, and any other payments required to be escrowed by the Mortgagor Customer with the mortgagee pursuant to the Mortgage or any other document.

“FHLMC” means the Federal Home Loan Mortgage Corporation, or any successor thereto.

“FNMA” means the Federal National Mortgage Association, or any successor thereto.

“LTV” means with respect to any Mortgage Loan, the ratio of the original outstanding principal amount of the Mortgage Loan to the lesser of (a) the Appraised Value of the Mortgaged Property at origination or (b) if the Mortgaged Property was purchased within 12 months of the origination of the Mortgage Loan, the purchase price of the Mortgaged Property.

“Monthly Payment” means the scheduled monthly payment of principal and interest on a Mortgage Loan in the Mortgage Interest Rate pursuant to the provisions of the Mortgage Note.

“Mortgage Interest Rate” means the annual rate of interest borne on a Mortgage Note.

“PMI Policy” means a policy of primary mortgage guaranty insurance issued by a Qualified Insurer.

“Qualified Insurer” means an insurance company duly qualified as such under the laws of the states in which the Mortgaged Property is located, duly authorized and licensed in such states to transact the applicable insurance business and to write the insurance provided, and approved as an insurer by FNMA and FHLMC and whose claims paying ability is rated in the two highest rating categories by any of the rating agencies with respect to primary mortgage insurance and in the two highest rating categories by Best's with respect to hazard and flood insurance.

“Underwriting Guidelines” means the Borrower’s written underwriting guidelines attached as Exhibit B hereto, as such underwriting guidelines may be amended or supplemented from time to time in accordance with this Agreement.

Part III. Mortgage Loan Schedule

Information to be provided, or which is contained in the loan documents of each Mortgage Loan, with respect to Eligible Mortgage Loans

For each Mortgage Loan, the Borrowers shall provide the following information:

- (a) the mortgage loan identifying number;

- (b) the mortgagor's name;
- (c) the mortgage property's street address, city, state and zip code;
- (d) the lien position/status – always first lien;
- (e) the property type;
- (f) occupancy;
- (g) loan purpose;
- (h) original balance;
- (i) original P&I;
- (j) current P&I, as applicable;
- (k) Origination Date;
- (l) first payment date;
- (m) maturity date;
- (n) original term;
- (o) Balloon Flag;
- (p) Original LTV;
- (q) original desktop as complete appraisal, BPO Value, property purchase amount;
- (r) payment frequency;
- (s) prepayment penalty period; and
- (t) prepayment penalty description.

Schedule 1.1

Lenders	Revolving Commitment	Revolving Commitment Percentage
WBCC	\$ 13,750,000	39.29%
Address: Webster Business Credit Corporation 360 Lexington Avenue New York, New York 10017 Attention: Account Executive – Sachem Capital Corp. Fax: (212) 806-4530 Email: mmurphy@websterbcc.com		
Bankwell Bank	\$ 13,750,000	39.29%
Address: Bankwell Bank 1 Sasco Hill Road Fairfield, Connecticut 06824 Attention: Damon Ralph Email: dralph@mybankwell.com		
Berkshire Bank	\$ 7,500,000	21.43%
Address: Berkshire Bank 4420 Route 27 Kingston, New Jersey 08528 Attention: Diane Williams Email: drwilliams@berkshirebank.com		

Final form of
REVOLVING CREDIT NOTE

\$ _____

May 11, 2018
New York, New York

FOR VALUE RECEIVED, each of the undersigned (each, a "Borrower", and collectively, the "Borrowers") promises to pay to the order of _____ ("Payee"; Payee, together with any other holder hereof, sometimes referred to herein as the "Holder"), at the office of Agent (as defined below), located at _____ or at such other place located in the United States of America as Payee may from time to time designate to Borrower Representative in writing, the principal sum of _____ (\$ _____), or such lesser amount as may be outstanding under Revolving Advances made pursuant to the Credit Agreement (defined below), at such time or times as are provided in the Credit Agreement (defined below) and, in any event, on the last day of the Term, subject to acceleration upon the occurrence of an Event of Default under the Credit Agreement or earlier termination of the Credit Agreement pursuant to the terms thereof, together with interest on the unpaid principal balance hereof from the date hereof until the payment in full of this Revolving Credit Note (this "Note") at the rate specified with respect to the Revolving Advances in the Credit Agreement, payable at the times and in the manner provided in the Credit Agreement.

It is contemplated that the principal sum evidenced hereby may be reduced from time to time as a result of the repayment of Revolving Advances and that additional Revolving Advances may be made from time to time but not to exceed the Maximum Revolving Amount, as provided in the Credit Agreement.

This Note is a "Revolving Credit Note" issued to evidence the Revolving Advances being made available by Payee to Borrowers pursuant to the provisions of the Credit and Security Agreement, dated of even date herewith (herein, as at any time amended, restated, amended and restated, modified or supplemented, called the "Credit Agreement"; capitalized terms used herein and not defined herein having the meanings assigned to them in the Credit Agreement), among Borrowers, the other Loan Parties from time to time party thereto, the Lenders from time to time party thereto, BANKWELL BANK, a Connecticut state non-member bank, individually, as a Lender thereunder and as co-syndication agent ("Co-Syndication Agent"), and WEBSTER BUSINESS CREDIT CORPORATION, a New York corporation ("WBCC"), individually, as Lender thereunder and as agent for itself and each other Lender Party (WBCC, acting in such agency capacity, "Agent") to which reference is hereby made for a statement of the terms, conditions and covenants under which the indebtedness evidenced hereby was made and is to be repaid, including, but not limited to, those related to voluntary or mandatory prepayment of the indebtedness represented hereby, to the maturity of the indebtedness represented hereby upon the termination of the Credit Agreement and to the interest rate payable at the times and in the manner provided in the Credit Agreement. In no event, however, shall interest exceed the maximum interest rate permitted by law. Upon and after the occurrence of an Event of Default, and during the continuation thereof, interest shall be payable at the Default Rate.

Payment of this Note is secured by the Collateral and Holder is entitled to the benefit of the Credit Agreement and any Other Document at any time delivered in connection with the foregoing to secure the Obligations, and is subject to all of the agreements, terms and conditions therein contained.

If an Event of Default under any of Sections 11.7, 11.8 or 11.9 of the Credit Agreement shall occur, then this Note shall immediately become due and payable, without notice, together with reasonable attorneys' fees if the collection hereof is placed in the hands of an attorney to obtain or enforce payment hereof. If any other Event of Default shall occur under the Credit Agreement or any of the Other Documents, which is not cured within any applicable grace period, then this Note may, as provided in the Credit Agreement, be declared to be immediately due and payable, without notice, together with reasonable attorneys' fees, if the collection hereof is placed in the hands of an attorney to obtain or enforce payment hereof.

PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THIS NOTE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

Each Borrower hereby waives presentment, demand for payment, protest and notice of protest, notice of dishonor and all other notices in connection with this Note.

[Signature page to follow]

WITNESS THE DUE EXECUTION HEREOF BY THE DULY AUTHORIZED OFFICER OF THE UNDERSIGNED
AS OF THE DATE FIRST ABOVE WRITTEN.

“BORROWER”

SACHEM CAPITAL CORP.

By: _____
Name: _____
Title: _____

[Signature Page to Revolving Credit Note]

Rule 13a-14(a)/15d-14(a) Certification

I, Jeffrey C. Villano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sachem Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018

/s/ Jeffrey C. Villano

Jeffrey C. Villano

Co-Chief Executive Officer and President

(Principal Executive Officer)

Rule 13a-14(a)/15d-14(a) Certification

I, John L. Villano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sachem Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018

/s/ John L. Villano

John L. Villano, CPA
Co-Chief Executive Officer and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Sachem Capital Corp. (the "Company") on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey C. Villano, Co-Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company

Dated: May 15, 2018

/s/ Jeffrey C. Villano

Jeffrey C. Villano

Co-Chief Executive Officer and President

(Principal Executive Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Sachem Capital Corp. (the "Company") on Form 10-Q for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John L. Villano, Co-Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company

Dated: May 15, 2018

/s/ John L. Villano

John L. Villano, CPA

Co-Chief Executive Officer and Chief Financial Officer

(Principal Financial Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
