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# COI ASSOCIATES

Energy & Sustainability  
Management Consultants

Post Office Box 825  
Columbia, Maryland 20144

January 9, 2020

RE: Renewal Application for Electric Aggregators/Power Brokers  
CQI Associates, LLC  
Case Number 15-2079-EL-AGG

Public Utilities Commission of Ohio  
Docketing Division  
180 Broad Street  
Columbus, OH 43215-3792

ATTENTION: Ms. Melissa Scarberry  
Service Monitoring & Enforcement Department

Dear Ms. Scarberry:

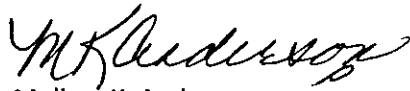
We are revising the renewal application, Case Number 15-2079-EL—AGG in accordance with Ohio Revised Code.

The original signed and notarized form and 3 copies are attached in this submission.

If you have any questions or need clarification, please contact Melissa K. Anderson at [melissa@cqiassociates.com](mailto:melissa@cqiassociates.com) or 410-740-0667.

Thank you for your attention to this matter.

Sincerely,



Melissa K. Anderson  
Managing Partner

MKA:skd  
Enclosures

PUCO

2020 JAN 13 PM 3:31

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# Public Utilities Commission

Original AGG Case Number	Version
15-2079-EL-AGG	May 2016

## RENEWAL APPLICATION FOR ELECTRIC AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

### A. RENEWAL INFORMATION

#### A-1 Applicant intends to be certified as: (check all that apply)

☐ Power Broker ☒ Aggregator

#### A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name CQI Associates, LLC  
 Address 10729-B Birmingham Way, Woodstock, MD 21163  
 PUCO Certificate # and Date Certified 15-20799-EL-AGG 01/15/16  
 Telephone # (410) 740-0667 Web site address (if any) www.cqiassociates.com

#### A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name CQI Associates, LLC  
 Address 10729-B Birmingham Way, Woodstock, MD 21163  
 Telephone # (410) 740-0667 Web site address (if any) www.cqiassociates.com

#### A-4 List all names under which the applicant does business in North America

NA  
 \_\_\_\_\_  
 \_\_\_\_\_

#### A-5 Contact person for regulatory or emergency matters

Name Melissa K. Anderson  
 Title Managing Principal  
 Business address 40729-B Birmingham Way, Woodstock, MD 21163  
 Telephone # (410) 740-0667 Fax # (410) 747-4752  
 E-mail address melissa@cqiassociates.com

PUCO  
2015 JUN 13 PM 3:31

**A-6 Contact person for Commission Staff use in investigating customer complaints**

Name Melissa K. Anderson  
Title Managing Partner  
Business address 10729-B Birmingham Way, Woodstock, MD 21163  
Telephone # (410) 740-0667 Fax # (410) 630-5911  
E-mail address melissa@cqiassociates.com

**A-7 Applicant's address and toll-free number for customer service and complaints**

Customer Service address 10729-B Birmingham Way, Woodstock, MD 21163  
Toll-free Telephone # \_\_\_\_\_ Fax # (410) 630-0591  
E-mail address melissa@cqiassociates.com

**A-8 Applicant's federal employer identification number # 52-2284757**

**A-9 Applicant's form of ownership (check one)**

- |  |   |
|--|---|
| <input type="checkbox"/> Sole Proprietorship                 | <input type="checkbox"/> Partnership                                |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation                         | <input type="checkbox"/> Other _____                                |

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- A-10 Exhibit A -10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.  
*See attached.*

**B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

**B-3** **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

**B-4** Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

**B-5** Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

## **C. FINANCIAL CAPABILITY AND EXPERIENCE**

**PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:**

**C-1** **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

**C-2** **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

**C-3 Exhibit C-3 “Financial Statements,”** provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

**C-4 Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

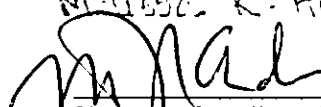
Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU’s collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody’s, Standard & Poor’s or Fitch and provide evidence of rating from the rating agencies.
2. Have a parent company or third party that is investment grade rated by Moody’s, Standard & Poor’s or Fitch guarantee the financial obligations of the applicant to the LDU(s).
3. Have a parent company or third party that is not investment grade rated by Moody’s, Standard & Poor’s or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company’s financials must be included in the application if the applicant is relying on this option.
4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

- C-5 Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted income statements for the applicant's **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.
- C-6 Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.
- C-7 Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.
- C-8 Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 Exhibit C - 10 "Corporate Structure,"** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

*M. Lisa K. Anderson* Managing Partner  
  
 Signature of Applicant & Title

Sworn and subscribed before me this 3 day of JAN, 2020  
 Month Year

  
 Signature of official administering oath

DAVID A. MARKS NOTARY PUBLIC  
 Print Name and Title

My commission expires on DAVID A. MARKS

Notary Public State of Maryland  
 My Commission Expires 4/12/2023

16 (2m)

# AFFIDAVIT

State of Mississippi :

Winnick ss.  
(Town)

County of Howard :

Delise K. Anderson Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the Managing Partner (Office of Affiant) of EMI Associates, LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
8. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

William K. Anderson, Managing Partner  
Signature of Applicant & Title

3 (am)

Sworn and subscribed before me this 30 day of JAN., 2020  
Month Year

[Signature]

Signature of official administering oath

DAVID A. MARKS  
Print Name and Title

NOTARY  
PUBLIC

DAVID A. MARKS

My commission expires on ~~Notary Public State of Maryland~~

My Commission Expires 4/12/2023  
16 (am)



## ***CQI Associates, LLC***

### **Exhibit A-10 Principal Officers, Directors, and Partners**

Melissa Anderson  
Managing Principal  
CQI Associates, LLC  
10408 Springtwig  
Woodstock, MD 21163  
Phone: 410-740-0667 or 443-864-7293  
Fax: 410-630-5911  
[melissa@cqiassociates.com](mailto:melissa@cqiassociates.com)

Richard W. Anderson, Jr.  
Principal  
CQI Associates, LLC  
9827 Davidge Drive  
Columbia, MD 21044  
Phone: 410-740-0667 or 443-864-7293  
Fax: 410-630-5911  
[richard@cqiassociates.com](mailto:richard@cqiassociates.com)

# ***CQI Associates, LLC***

## **Exhibit B-1 Jurisdictions of Operations**

The applicant is certified to provide retail electric and natural gas services or aggregation services in the following jurisdictions:

- |                            |                                 |
|----------------------------|---------------------------------|
| • Maryland                 | IR 1753 (gas) IR 575 (electric) |
| • Delaware                 | EA 2013-22-6, Order #17279      |
| • Illinois                 | 12-0565                         |
| • The District of Columbia | Order #7082, Docket 06-347      |
| • Ohio                     | 15-2079-AGG                     |
| • Texas                    | 80416                           |
| • California               | Lic #201534301226               |
| • Pennsylvania             | 2016-2534371                    |
| • Georgia                  | 1910411                         |

## ***CQI Associates LLC***

### **Exhibit B-2 Experience and Plans**

CQI Associates, LLC was established in 1995 to provide energy management consulting services. When energy deregulation legislation was enacted in Maryland in 2002, the firm's existing energy management clients asked CQI Associates, LLC to assist in the procurement of electricity and natural gas supply services. Seeking advice from the Maryland Public Service Commission, CQI Associates, LLC obtained a license to act as a client consultant, broker & aggregator.

CQI Associates, LLC was the first energy management consulting firm in the Baltimore-Washington region to offer commercial energy purchasing cooperatives sponsored by Chambers of Commerce and Business Associations. The commercial energy purchasing cooperative program was expanded as CQI Associates, LLC obtained licenses as a client consultant, broker, & aggregator in Delaware, Illinois, and the District of Columbia.

CQI Associates, LLC will contract with clients for the company's suite of energy management services, including providing energy procurement aggregation services. After contracting for the services, the company's employees provide the contracted services, and send bills directly to clients for these services where applicable (Consulting), or incorporating a fee per unit of energy as billed and collected by the contracting energy supplier. CQI Associates, LLC has a customer service email address and telephone number to provide to customers to answer any questions and provide general customer services and support.

## ***CQI Associates, LLC***

### **Exhibit B-3**

#### **Disclosure of Liabilities and Investigations**

There are no existing, pending, or past rulings, judgements, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be Certified to provide.

## ***CQI Associates, LLC***

### **Exhibit C-1 Annual Reports**

Exhibit C-1 is not applicable. CQI Associates, LLC is not a public company and is closely held. It does not prepare Annual Reports to Shareholders.

## ***CQI Associates, LLC***

### **Exhibit C-2 SEC Filings**

The applicant is not required to make 10-K/8-K filings with SEC as it is not a public company.

## ***CQI Associates, LLC***

### **Exhibit C-3 Financial Statements**

(See attachment)

Copies of CQI Associates, LLC two most recent years of audited financial statements (2017 & 2018) are attached.

The audited reports were prepared by the CPA firm of Bormel, Grice & Huyett, PA.

**CQI ASSOCIATES, LLC  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**



CQI ASSOCIATES, LLC  
REPORT ON FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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Bormel, Grice & Huyett, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS

14409 Greenview Drive, Suite 201  
Laurel, Maryland 20708-3293  
Baltimore, MD (410) 792-7259

DC / VA (301) 953-3259  
Fax (301) 725-5256  
Web Site [www.bormel-grice.com](http://www.bormel-grice.com)

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Members  
CQI Associates, LLC  
Woodstock, Maryland

Management is responsible for the accompanying financial statements of CQI Associates, LLC, which comprise the statements of assets, liabilities, and members' equity - modified cash basis as of December 31, 2018 and 2017, and the related statements of revenue, expenses and members' equity - modified cash basis for the years then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, members' equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Bormel, Grice & Huyett, P.A.*

Laurel, Maryland  
November 11, 2019

Members

CQI ASSOCIATES, LLC  
STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - MODIFIED CASH BASIS  
DECEMBER 31, 2018 AND 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ <u>131,681</u>	\$ <u>156,082</u>
Property and Equipment		
Computers and office equipment	4,351	4,351
Furniture and fixtures	<u>3,171</u>	<u>3,171</u>
	7,522	7,522
Less: accumulated depreciation	<u>7,522</u>	<u>7,522</u>
	<u>-</u>	<u>-</u>
Other Assets		
Due from related parties	37,886	34,307
Bond deposit	10,378	10,358
Lease acquisition costs, net of amortization	6,000	-
Security deposits	<u>1,840</u>	<u>1,840</u>
	<u>56,104</u>	<u>46,505</u>
 TOTAL ASSETS	 \$ <u><u>187,785</u></u>	 \$ <u><u>202,587</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Payroll withholding and tax liability	\$ 10	\$ 90
Line of credit	64,000	64,000
Credit cards payable	74,574	52,038
Loan payable - members	<u>52,768</u>	<u>52,768</u>
 TOTAL CURRENT LIABILITIES	 191,352	 168,896
Members' Equity (Deficit)	<u>(3,567)</u>	<u>33,691</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 \$ <u><u>187,785</u></u>	 \$ <u><u>202,587</u></u>

See accountants' report

CQI ASSOCIATES, LLC  
STATEMENTS OF REVENUE, EXPENSES AND MEMBERS' EQUITY - MODIFIED CASH BASIS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>Percent to Revenue</u>	<u>Amount</u>	<u>Percent to Revenue</u>
Revenue	\$ <u>2,083,781</u>	<u>100.00</u>	\$ <u>1,839,279</u>	<u>100.00</u>
Expenses				
Auto	96,376	4.63	80,507	4.38
Bonding	6,250	0.30	6,250	0.34
Contract labor, wages, and commissions	898,198	43.10	865,591	47.06
Contributions	7,269	0.35	2,350	0.13
Section 1.263(a)-1(f) election	1,922	0.09	2,818	0.15
Chamber dues and payments	106,493	5.11	38,567	2.10
Guaranteed payments	16,300	0.78	269,736	14.67
Insurance	142,323	6.83	75,247	4.09
Interest	18,054	0.87	10,164	0.55
Marketing	14,310	0.69	26,350	1.43
Meetings	1,219	0.06	1,056	0.06
Office	32,904	1.58	27,999	1.52
Postage	1,322	0.06	836	0.05
Printing	1,152	0.06	2,789	0.15
Professional fees	23,012	1.10	18,671	1.02
Project costs	5,119	0.25	4,414	0.24
Rent	37,810	1.81	33,982	1.85
Repairs and maintenance	9,473	0.45	8,555	0.47
Taxes and licenses	40,776	1.96	43,620	2.37
Telephone	33,293	1.60	26,307	1.43
Travel and entertainment	41,496	1.99	36,391	1.98
Utilities	<u>3,561</u>	<u>0.17</u>	<u>3,056</u>	<u>0.17</u>
TOTAL EXPENSES	<u>1,538,632</u>	<u>73.84</u>	<u>1,585,256</u>	<u>86.21</u>
NET INCOME	545,149	<u>26.16</u>	254,023	<u>13.79</u>
Members' Equity - Beginning	33,691		17,136	
Members' Distributions	<u>(582,407)</u>		<u>(237,468)</u>	
Members' Equity (Deficit) - Ending	\$ <u><u>(3,567)</u></u>		\$ <u><u>33,691</u></u>	

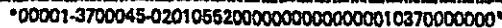
See accountants' report

## ***CQI Associates, LLC***

### **Exhibit C-4 Financial Arrangements**

CQI Associates, LLC does not take title to electricity.

See attached Business Loan Agreement for a line of credit with Columbia Bank.



**Borrower:** CQI Associates, LLC  
9827 Davidge Drive  
Columbia, MD 21044-1545

**Lender:** The Columbia Bank  
Columbia Town Center Office  
7168 Columbia Gateway Drive  
Corporate Address  
Columbia, MD 21046

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal,

release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Uien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, compiled by a certified public accountant satisfactory to Lender.

**Tax Returns.** As soon as available, but in no event later than one-hundred-twenty (120) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, at applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Guaranties.** Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

<u>Names of Guarantors</u>	<u>Amounts</u>
Richard Anderson, Jr.	Unlimited
Melissa Anderson	Unlimited

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, satisfactory to Lender, to protect Lender's interests.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Compliance Certificates.** Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to

exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; or (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note.

**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Indebtedness and Liens.** (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

**Loans, Acquisitions and Guaranties.** (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

**Agreements.** Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

**DEFAULT.** Default will occur if payment in full is not made immediately when due.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all sums owing in connection with the Loans, including all principal, interest, and all other fees, costs and charges, if any, will become immediately due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**CROSS DEFAULT.** Any event of default under any loan due and owing to Lender by Borrower, at any time, shall constitute an event of default under all loans due and owing to Lender by Borrower.

**DEPOSIT ACCOUNTS.** The Borrower shall maintain its deposit accounts with Lender.

**CONFLICT IN TERMS OF DOCUMENTS.** In the event of any conflict between the terms of any commitment letter issued prior to the date hereof by Lender to Borrower in respect of the Loan and the other Related Documents, the terms set forth in the other Related Documents shall control.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees that if Lender hires an attorney to help enforce this Agreement, Borrower will pay, subject to any limits under applicable law, Lender's attorneys' fees equal to 15.000% of the principal balance due on the Loan and all of Lender's other collection expenses, whether or not there is a lawsuit and including without limitation additional legal expenses for bankruptcy proceedings.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Jurisdiction.** Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Maryland over any suit, action, or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent permitted by law, any objection that Borrower may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon Borrower and may be enforced in any court in which Borrower is subject to jurisdiction by a suit upon such judgment provided that service of process is effected upon Borrower as provided in this Agreement or as otherwise permitted by applicable law.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower



further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Maryland without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Maryland.

**JURY WAIVER.** LENDER AND BORROWER EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER OR BORROWER MAY BE PARTIES, ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS AGREEMENT. IT IS AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY LENDER AND BORROWER, AND LENDER AND BORROWER EACH HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER REPRESENTS THAT BORROWER HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF BORROWER'S OWN FREE WILL, AND THAT BORROWER HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, if hand delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Advance.** The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**Agreement.** The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

**Borrower.** The word "Borrower" means COI Associates, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Grantor.** The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, and their personal representatives, successors and assigns.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means The Columbia Bank, its successors and assigns.



***CQI Associates, LLC***

**Exhibit C-5  
Forecasted Financial Statements**

**2 Year Forecast Attached**

**CQI Associates**  
**Ohio**  
**Balance Sheet Projection**  
**2020 to 2021**

<u>2020</u>	<u>Total</u>
<b><u>Revenue</u></b>	
Procurement Services	\$ 1,920.00
Consulting Services	\$ 2,940.00
Total	\$ 4,860.00
<b><u>Expenses</u></b>	
Members Hourly Costs	\$ 1,031.25
Staff Hourly Costs	\$ 3,135.00
Legal Expenses	\$ 150.00
General Expenses	\$ 190.00
Total	\$ 4,506.25
<b>Balance</b>	<b>\$ 353.75</b>

<u>2021</u>	<u>Total</u>
<b><u>Revenue</u></b>	
Procurement Services	\$ 2,060.00
Consulting Services	\$ 7,980.00
Total	\$ 10,040.00
<b><u>Expenses</u></b>	
Members Hourly Costs	\$ 2,396.00
Staff Hourly Costs	\$ 6,555.00
Legal Expenses	\$ 150.00
General Expenses	\$ 345.00
Total	\$ 9,446.00
<b>Balance</b>	<b>\$ 594.00</b>

## **CQI Associates, LLC**

**Exhibit C-6  
Credit Rating  
Exhibit C-7  
Credit Report**

Dun & Bradstreet score for CQI Associates, LLC is:

Paydex - 66

Delinquency Predictor Class - 3

Financial Stress Class - 4

Supplier Evaluation Risk Rating Class - 4

No other ratings are available on CQI Associates, LLC.

CQI Associates, LLC has an A+ rating with the Better Business Bureau with no derogatory comments.

## ***CQI Associates, LLC***

### **Exhibit C-8 Bankruptcy Information**

Not applicable. There have been no reorganizations, protections from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

## ***CQI Associates, LLC***

### **Exhibit C-9 Merger Information**

Not applicable. There have been no dissolutions, mergers, or acquisitions involving the applicant within the five most recent years preceding this application.

## ***CQI Associates, LLC***

### **Exhibit C-10 Corporate Structure**

CQI, LLC is a stand-alone entity with no affiliate or subsidiary companies.