

The Purchaser will have customary information and inspection rights, including to receive all periodic financial and investor information reports that the Issuer prepares for its stockholders. [While the Note remains outstanding the Issuer will prepare and deliver to the Purchaser: an annual budget, annual [AUDITED / UNAUDITED] financial statements [within __ days of each fiscal year end], quarterly unaudited financial statements [within __ days of each fiscal quarter end].]

Reps and Warranties: The Issuer will make standard representations and warranties for a financing of this type.

Covenants: The Note will contain standard affirmative and negative covenants for a financing of this type, including but not limited to the following covenants. [Covenant waivers require the consent of Note holders representing [a majority] __% of the outstanding principal and interest on the Notes.]

Affirmative covenants will require the Issuer to:

- continue its corporate existence
- maintain insurance policies on [real property] [inventory] [vehicles] [key man life]
- comply with applicable law
- pay taxes
- protect its intellectual property
- prepare financial reports [in accordance with [GAAP / IFRS]] on a quarterly basis and annual reports [[[REVIEWED] / [AUDITED]] by an outside accountant]]

Negative covenants will forbid the Issuer to:

- change its business or enter a new line of business
- dispose of its assets other than in the ordinary course of business [and not to exceed \$__ in the aggregate]
- enter into any agreement to merge or combine with another company
- make any acquisition of another company, its business or assets [, except for certain purchases of inventory in the ordinary course of business]
- issue dividends, stock repurchases or redemptions, make payments with respect to subordinated debt, or make other restricted payments [in an aggregate amount exceeding \$_____]