



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

March 30, 2009

Ordinance 16427

Proposed No. 2009-0193.3

Sponsors Constantine and Gossett

1 AN ORDINANCE relating to the financing of an
2 economic development and revitalization project in
3 unincorporated South King County; authorizing the King
4 County executive to execute such financing agreements,
5 promissory notes, security arrangements, and related
6 documents for a \$5,250,000 and a \$1,000,000 Section 108
7 Loan Guarantee with the United States Department of
8 Housing and Urban Development (HUD) for which King
9 County will pledge future Community Development Block
10 Grant funds for the repayment of the principal and interest
11 due the Department of Housing and Urban Development
12 Fiscal Agent or Trustee and other security; and authorizing
13 the executive to reloan the proceeds from the Section 108
14 Loan to the White Center Investment Fund, LLC and
15 execute such financing agreements, security arrangements
16 and other related documents, to provide equity financing
17 for the construction of a multi-tenant retail/office plaza in

18 unincorporated King County and to provide security for
19 King County's loan to the White Center Investment Fund,
20 LLC.

21

22 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

23 SECTION 1. Definitions. Unless the context otherwise requires, the terms
24 defined in this section shall, for all purposes of the ordinance have the meanings
25 specific;

26 A. "Community Development Block Grant (CDBG)" funds means those
27 entitlement monies King County receives through the United States Department of
28 Housing and Urban Development and that are dedicated to the CDBG Fund.

29 B. "CDBG Entitlement Community" means the local community entitled to
30 receive CDBG monies from the United States Department of Housing And Urban
31 Development.

32 C. "Housing and Urban Development Section 108 Loan Guarantee" means the
33 guaranteeing by the United States Department of Housing and Urban Development of
34 loans secured by notes issued by a CDBG Entitlement Community and guaranteed by
35 the CDBG Entitlement Community's future CDBG allocation to finance economic
36 development or other capital facilities projects that directly benefit low income people.

37 D. "HUD Section 108 Loans" means the \$5,250,000 loan and the \$1,000,000
38 loan to King County in accordance with the terms of the Contracts for Loan Guarantee
39 Assistance with HUD.

40 E. "Notes" means the promissory notes guaranteed by HUD required under the

41 Contracts for Loan Guarantee Assistance under Section 108 of the Housing and
42 Community Development Act of 1974 ("Contract") executed between King County and
43 the Secretary of Housing and Urban Development, and includes the Fiscal Agency
44 Agreement and the Trust Agreement defined under the Contract.

45 SECTION 2. The council finds and determines it is necessary and appropriate
46 and in the best interest of the county to contract with the United States Department of
47 Housing and Urban Development for Housing and Urban Development Section 108
48 Loan Guarantees in the amounts not more than \$5,250,000 and \$1,000,000 to fund the
49 development of a multi-tenant retail/office plaza in the White Center business district by
50 a private for profit developer. The project is consistent with the economic development
51 objectives of King County's adopted Consolidated Housing and Community
52 Development Plan; and upon completion, it will provide goods and services to the White
53 Center community and job opportunities for low-to-moderate income persons.

54 SECTION 3. The executive is hereby authorized to enter into Contracts for Loan
55 Guarantee Assistance with HUD, Attachment A to this ordinance, in substantially the
56 form attached and to issue nonrecourse promissory notes ("Notes") guaranteed by HUD,
57 Attachment B to this ordinance, in substantially the form attached, in the aggregate
58 principal amount of not more than \$6,250,000. Under the Contracts for Loan Guarantee
59 Assistance, King County will pledge its future CDBG entitlement as security for the
60 Notes, as well as any other security required by HUD in the Contracts. The executive is
61 also authorized to execute any documents required by HUD to close the HUD Section
62 108 Loans.

63 SECTION 4. As required by the HUD Contracts, the executive is also authorized

64 to execute a loan agreement with the White Center Investment Fund, LLC, Attachment
65 C to this ordinance, in substantially the form attached, to provide the available HUD
66 Section 108 Loan proceeds as equity funding for the a multi-tenant retail/office plaza in
67 the White Center business district. The White Center Investment Fund, LLC is required
68 to execute a promissory note in the amount of \$6,250,000 and execute a Pledge and
69 Security Agreement, Attachment D to this ordinance. The executive is also authorized
70 to execute any documents required in order to close the Investment Fund loan.

71 SECTION 5. As required by the HUD Contracts, the executive is authorized to
72 execute a Collateral Agency Agreement with the NDC New Markets Investments XL,
73 LLC and the White Center Investment Fund, LLC, Attachment E to this ordinance, in
74 substantially the form attached, to allow the county to act as the collateral agent for
75 NDC New Markets Investments XL, LLC to ensure completion of the project and
76 compliance with the HUD Section 108 Loan related requirements. The executive is also
77 authorized to execute any required collateral assignment to HUD required by the
78 Contracts.

79 SECTION 6. The executive is authorized to execute a related Subordination and
80 Standstill Agreement with the Vong Brothers, LLC, Attachment F to this ordinance, in
81 substantially the form attached, to increase the security of King County's Loan to the
82 White Center Investment Fund, LLC.

83 SECTION 7. The executive is also authorized to execute an Indenture and
84 Custodial Agreement with the Bank of New York, Attachment G to this ordinance, in
85 substantially the form attached, to manage and account for payments from the White
86 Center Investment Fund, LLC under the loan agreement, or related security, and

87 repayments of the HUD Section 108 Loans.

88 SECTION 8. The executive is also authorized to execute a CDE Interest Control
89 Agreement, Attachment H to this ordinance, in substantially the form attached, to
90 perfect the county's security interest in the collateral pledged to the county for the
91 Investment Fund loan.

92 SECTION 9. The executive is also authorized to execute a Waiver and Consent
93 Agreement, Attachment I to this ordinance, in substantially the form attached, to provide
94 flexibility to the New Market tax credit investors.

95 SECTION 10. The HUD Section 108 Loans shall be repaid to the Fiscal Agent or
96 Trustee of HUD in accordance with the terms and conditions of the HUD Contracts for
97 Loan Guarantee Assistance and the Notes. In the event the funds held by the Bank of
98 New York in the loan repayment account and loan repayment investment account are
99 insufficient to make principal and interest payments, the executive is authorized to use
100 CDBG funds to make the payments to HUD required by the Contracts for Loan
101 Guarantee Assistance and the Notes.

102 SECTION 11. Should any section, subsection, paragraph, sentence, clause or
103

104 phrase of this ordinance be declared unconstitutional or invalid for any reason, such
105 declaration shall not affect the validity of all remaining portions of this ordinance.
106

Ordinance 16427 was introduced on 3/16/2009 and passed as amended by the Metropolitan King County Council on 3/30/2009, by the following vote:

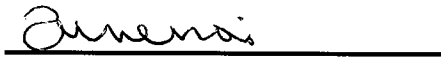
Yes: 9 - Mr. Constantine, Mr. Ferguson, Ms. Lambert, Ms. Hague, Mr. von Reichbauer, Mr. Gossett, Mr. Phillips, Ms. Patterson and Mr. Dunn
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



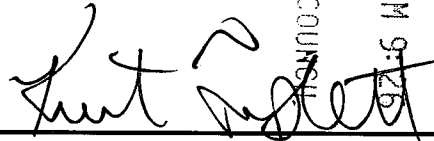
Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 8th day of April, 2009.



Ron Sims, County Executive

RECEIVED
2009 APR -9 AM 9:26
CLERK
KING COUNTY COUNCIL

- Attachments**
- A. U.S. Department of Housing and Urban Development, dated March 30, 2009, B. U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program, dated March 25, 2009, C. Loan Agreement between White Center Investment Fund, LLC and King County, dated March 30, 2009, D. Pledge and Security Agreement, dated March 30, 2009, E. Collateral Agency Agreement, dated March 30, 2009, F. Subordination and Forebearance Agreement, dated March 30, 2009, G. Indenture of Trust and Custodial Agreement, H. CDE Interest Control Agreement, dated March 30, 2009, I. Waiver and Consent Agreement, dated March 30, 2009

Proposed Ord. 2009-0193, Attachment A, dated March 30, 2009

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308**

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between King County, Washington, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-06-UC-53-0001, (White Center Commercial Plaza), in the Maximum Commitment Amount of \$5,250,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the first Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on February 15, 2007. The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. **The Note: Advances and Records.** The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the

applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by the Secretary. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment

Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

PART II**1. Receipt, Deposit and Use of Guaranteed Loan Funds.**

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable custodial account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after December 31, 2010, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter

Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by December 31, 2010. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.
4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically

required by this Contract (e.g., paragraph 5(c), or paragraph 15, *et seq.*), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 *et seq.* of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, *et seq.*

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on

receipt in a separate identifiable custodial account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the

balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG, EDI or BEDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI or BEDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.
8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:
- (i) pay when due an installment of principal or interest on the Note; or
 - (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future

amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act. Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if

applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7180
Washington, DC 20410

Borrower:

King County, Washington
Attention: Mr. Ron Sims, County Executive
516 Third Avenue
Seattle, WA 98104-3271

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on March 24, 2006 under the Funding Approval for grant number B-06-UC-53-0001 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
- (a) As used in this Contract, the following additional terms are defined as follows:
 - (i) "**Investment Obligor**" shall mean White Center Investment Fund, LLC, a Delaware State limited liability company.
 - (ii) "**CDE**" (Community Development Entity) shall mean NDC New Markets Investments XXXVIII, LLC, a limited liability company. The CDE shall, in the opinion of its counsel addressed to the Borrower, be a community development entity which is authorized to receive and invest equity funds in qualified businesses in eligible low income areas pursuant to Section 45(D) of the Internal Revenue Code in order to generate New Markets tax credits for investors.
 - (iii) "**Qualified Business**" shall mean Vongs, LLC, a Washington State limited liability company.
 - (iv) "**QLICI**" shall mean a qualified low-income community investment.
 - (v) "**QLICI Loan**" shall mean the loan of \$5,250,000 from the CDE to the Qualified Business pursuant to this Contract for Loan Guarantee Assistance with respect to the promissory note numbered B-06-UC-53-0001.
 - (b) (i) Guaranteed Loan Funds shall be used by the Borrower to make a loan to the Investment Obligor (an "Investment Obligor Loan") which will invest all

such loan proceeds as well as additional available funds directly in the CDE as equity.

The CDE will in turn make a loan of these equity monies to the Qualified Business (the "QLICI Loan") to assist in financing construction costs of the **White Center Commercial Plaza (the "Project")**, pursuant to 24 CFR 570.703(i)(1) and §570.203(b).

The real property on which the Project assisted with Guaranteed Loan Funds is situated shall be described in **Attachment 3** hereto and shall be referred to in this Contract as the "Property."

- (ii) The Investment Obligor Loan shall be evidenced by a promissory note (the "Investment Obligor Note") and a loan agreement (the "Investment Obligor Loan Agreement"), which Investment Obligor Note and Investment Obligor Loan Agreement shall be in form and content consistent with this Contract (with such provisions as are necessary to ensure compliance with requirements applicable to the use of the Guaranteed Loan Funds), enforceable under State and local law, and shall contain such other provisions as a prudent lender would reasonably require. The amount of principal and/or interest payable under the Investment Obligor Note during the twelve-month period beginning July 1 of each year and ending on June 30 of the next succeeding year shall be equal to or greater than the amount of principal and/or interest payable under the Borrower's Note for the corresponding period. After Conversion of the Borrower's Note (as defined in such note), the Investment Obligor Note shall not be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Borrower's Note.
- (iii) The QLICI Loan shall be evidenced by a promissory note (the "QLICI Note") and a loan agreement (the "QLICI Loan Agreement"), which QLICI Note and QLICI Loan Agreement shall be in form and content consistent with this Contract (with such provisions as are necessary to ensure compliance with requirements applicable to the use of the Guaranteed Loan Funds), enforceable under State and local law, and shall contain such other provisions as a prudent lender would reasonably require. After Conversion of the Borrower's Note (as defined in such note), the QLICI Note shall not be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Borrower's Note.

- (c) In order to secure the payment and performance of the secured obligations of the Investment Obligor to the Borrower, the Investment Obligor shall collaterally assign its membership interest in the CDE to the Borrower for security purposes (**the "Collateral Assignment of Membership Interest"**). In addition, the Borrower may obtain such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.

Upon the final payment due date of the Investment Obligor Loan, Borrower may receive as acceptable additional collateral, or as full satisfaction of the Investment Obligor Loan, an assignment of Investment Obligor's interest in the QLICI Loan.

Furthermore, the Borrower shall require the Investment Obligor and the CDE to obtain the following collateral for the QLICI Loan (collectively, the "Collateral"):

- (i) A first priority lien on the Property described in **Attachment 3**, established through an appropriate and properly recorded mortgage (the "QLICI Mortgage"). The QLICI Mortgage shall be in form and content consistent with this Contract, enforceable under State and local law, shall contain such other provisions as a prudent lender would reasonably require, and may contain the provisions in paragraphs (ii) and (iii) below if applicable to this transaction.
- (ii) An assignment of any and all rights, titles, and interests of the Qualified Business in and to any leases covering the Property ("Assignment of Leases and Rents"), which shall be in a form acceptable to the Borrower.
- (iii) An assignment of any and all rights, titles, and interests of the Qualified Business in and to any licenses, permits, and other agreements covering the Property ("Assignment of Interest in Licenses, Permits and Agreements"), which shall be in a form acceptable to the Borrower.
- (iv) Personal guaranties (individually and collectively a "Personal Guaranty") of Con V. Vong and Rika Vong, husband and wife, and Manh V. Vong and Jenny N. Dang, husband and wife (individually and collectively a "Personal Guarantor") of all payments due under the Investment Obligor Note. The Personal Guaranty shall be in a form acceptable to the Secretary.

- (v) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.
- (d) The Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in (e) and (f) below (hereinafter referred to as the "Security Documents"). The Borrower and the Custodian shall enter into a written "Custodial Agreement" containing such provisions as the Secretary deems necessary. A fully executed copy of such agreement, with original signatures, shall be forwarded to the Secretary contemporaneously with the delivery of documents pursuant to (e) and (f) below.
- (e) The Borrower shall enter into a written "**Collateral Agency Agreement**" with the CDE and the Qualified Business receiving a loan from the CDE [other parties may be added, e.g., Investment Obligor, Guarantor, if applicable, etc.], in order to permit the Borrower to act as Collateral Agent for such CDE with respect to the exercise of the CDE's security rights under the Security Documents with respect to the QLICI Loan and the Property (to the extent provided therein), and to perform other functions identified and consented to therein by the CDE and the Qualified Business related to assuring completion of the Project and compliance with applicable section 108-related requirements as provided in such Security Documents. The form and content of the Collateral Agency Agreement shall be satisfactory to the Secretary.
- (f) Not later than five business days after the initial disbursement of the Guaranteed Loan Funds to an Investment Obligor, the Borrower shall deliver to the Custodian the following:
 - (i) The original Investment Obligor Note, endorsed in blank and without recourse.
 - (ii) The original Investment Obligor Loan Agreement and a collateral assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (iii) A copy of the QLICI Loan Note, QLICI Loan Agreement, QLICI Mortgage, and the Collateral Assignments of Leases and Rents and of Licenses, Permits and Agreements, if applicable.

- (iv) A copy of the personal guaranties described in paragraph 15(c)(iv) above.
- (v) The original Collateral Agency Agreement, and a collateral assignment thereof to the Secretary, which shall be in a form satisfactory to the Secretary.
- (vi) The original Collateral Assignment of Membership Interest in the CDE and a collateral assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
- (vii) An opinion of Borrower's counsel and the respective counsel on their letterhead, addressed and satisfactory to the Secretary, that:
 - (A) The Investment Obligor, CDE, and Qualified Business are duly organized and validly existing, respectively, as a **[corporation, partnership, limited liability company, etc.]** under the laws of its state of organization and they are **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of Washington;
 - (B) The Investment Obligor Note and QLICI Note have each been duly executed and delivered by a party authorized by the respective Investment Obligor or Qualified Business to take such action and each is a valid and binding obligation of the respective Investment Obligor or Qualified Business, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and
 - (C) The security instruments, assignments and agreements specified in (ii) through (vi) above are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Investment Obligor, CDE, or Qualified Business, Borrower's counsel may attach and expressly rely on an opinion of counsel to each such entity satisfactory to the Secretary.

- (viii) In the event that the Borrower acquires or otherwise assumes the interest of the CDE in the Property described in **Attachment 3**, then the Borrower shall also deliver a mortgagee title policy, issued by a company and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Mortgage or be accompanied by an endorsement of the policy to the Secretary.
 - (ix) A certified survey with a legal description conforming to the title policy and the QLICI Mortgage.
 - (x) An appraisal of the fee simple ownership interest in the Property specifying an as-built estimate of fair market value of not less than 125 percent (125%) of the principal balance of the Investment Obligor Note plus any outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Property. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
 - (xi) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c)(v).
- (g) Paragraph 12 is amended by adding at the end thereof the following language:
- "(g) The Secretary may complete the endorsement of the Investment Obligor Note and record any assignment thereof referred to in paragraph 15(f) and thereby effectuate the transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.
 - "(h) The Secretary may enforce any of the rights, but shall be subject to none of the obligations, of the Borrower under the Collateral Agency Agreement."
- (h) The Borrower agrees that it shall promptly notify the Secretary in writing upon the occurrence of any event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security

Documents, as defined in paragraph 15(d). Notification of an Event of Default shall be delivered to the Secretary as directed in paragraph 12(f) above. Upon the occurrence of an Event of Default, the Secretary may (without prior notice or hearing, which Borrower hereby expressly waives), in addition to (and not in lieu of) exercising any and all remedies that may be available under the Security Documents, declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph 15(h) shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(i) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.

- (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2009 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).
- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.
- (iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole

discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

- (iv) All notices and submissions provided for hereunder above shall be submitted as directed in paragraph 12(f).

- (j) If any one or more of the covenants, agreements, provisions, or terms of this Contract shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Contract and shall in no way affect the validity or enforceability of the other provisions of this Contract or of the Note or the rights of the Holder thereof.

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THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

King County, Washington

BORROWER

BY:

(Signature)

(Name)

(Title)

(Date)

**SECRETARY OF HOUSING AND URBAN
DEVELOPMENT**

BY:

(Signature)

Nelson R. Bregón

(Name)

General Deputy Assistant Secretary
For Community Planning & Development

(Title)

(Date)

Attachment 3

Description of Real Property

[to be provided by Borrower]

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between King County, Washington, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-08-UC-53-0001, (White Center Commercial Plaza), in the Maximum Commitment Amount of \$1,000,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the first Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on _____ . The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- E. **The Note: Advances and Records.** The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the

Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

F. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by the Secretary. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the

Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

- G. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- H. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

PART II**2. Receipt, Deposit and Use of Guaranteed Loan Funds.**

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable custodial account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after December 31, 2010, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter

Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by December 31, 2010. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.

4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically

required by this Contract (e.g., paragraph 5(c), or paragraph 15, *et seq.*), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 *et seq.* of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(d) Other security as described in paragraph 15, *et seq.*

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on

receipt in a separate identifiable custodial account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the

balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG, EDI or BEDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI or BEDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.
8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:
- (i) pay when due an installment of principal or interest on the Note; or
 - (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future

amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act. Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if

applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street SW, Room 7180
Washington, DC 20410

Borrower:

King County, Washington
Attention: Mr. Ron Sims, County Executive
516 Third Avenue
Seattle, WA 98104-3271

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on April 1, 2008 under the Funding Approval for grant number B-08-UC-53-0001 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
- (a) As used in this Contract, the following additional terms are defined as follows:
- (i) "**Investment Obligor**" shall mean White Center Investment Fund, LLC, a Delaware State limited liability company.
- (ii) "**CDE**" (Community Development Entity) shall mean NDC New Markets Investments XXXVIII, LLC, a limited liability company. The CDE shall, in the opinion of its counsel addressed to the Borrower, be a community development entity which is authorized to receive and invest equity funds in qualified businesses in eligible low income areas pursuant to Section 45(D) of the Internal Revenue Code in order to generate New Markets tax credits for investors.
- (iii) "**Qualified Business**" shall mean Vongs, LLC, a Washington State limited liability company.
- (iv) "**QLICI**" shall mean a qualified low-income community investment.
- (v) "**QLICI Loan**" shall mean the loan of \$1,000,000 from the CDE to the Qualified Business pursuant to this Contract for Loan Guarantee Assistance with respect to the promissory note numbered B-06-UC-53-0001.
- (b) (i) Guaranteed Loan Funds shall be used by the Borrower to make a loan to the Investment Obligor (an "Investment Obligor Loan") which will invest all

such loan proceeds as well as additional available funds directly in the CDE as equity.

The CDE will in turn make a loan of these equity monies to the Qualified Business (the "QLICI Loan) to assist in financing construction costs of the **White Center Commercial Plaza (the "Project")**, pursuant to 24 CFR 570.703(i)(1) and §570.203(b).

The real property on which the Project assisted with Guaranteed Loan Funds is situated shall be described in **Attachment 3** hereto and shall be referred to in this Contract as the "Property."

- (ii) The Investment Obligor Loan shall be evidenced by a promissory note (the "Investment Obligor Note") and a loan agreement (the "Investment Obligor Loan Agreement"), which Investment Obligor Note and Investment Obligor Loan Agreement shall be in form and content consistent with this Contract (with such provisions as are necessary to ensure compliance with requirements applicable to the use of the Guaranteed Loan Funds), enforceable under State and local law, and shall contain such other provisions as a prudent lender would reasonably require. The amount of principal and/or interest payable under the Investment Obligor Note during the twelve-month period beginning July 1 of each year and ending on June 30 of the next succeeding year shall be equal to or greater than the amount of principal and/or interest payable under the Borrower's Note for the corresponding period. After Conversion of the Borrower's Note (as defined in such note), the Investment Obligor Note shall not be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Borrower's Note.
- (iii) The QLICI Loan shall be evidenced by a promissory note (the "QLICI Note") and a loan agreement (the "QLICI Loan Agreement"), which QLICI Note and QLICI Loan Agreement shall be in form and content consistent with this Contract (with such provisions as are necessary to ensure compliance with requirements applicable to the use of the Guaranteed Loan Funds), enforceable under State and local law, and shall contain such other provisions as a prudent lender would reasonably require. After Conversion of the Borrower's Note (as defined in such note), the QLICI Note shall not be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Borrower's Note.

- (c) In order to secure the payment and performance of the secured obligations of the Investment Obligor to the Borrower, the Investment Obligor shall collaterally assign its membership interest in the CDE to the Borrower for security purposes (**the "Collateral Assignment of Membership Interest"**). In addition, the Borrower may obtain such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.

Upon the final payment due date of the Investment Obligor Loan, Borrower may receive as acceptable additional collateral, or as full satisfaction of the Investment Obligor Loan, an assignment of Investment Obligor's interest in the QLICI Loan.

Furthermore, the Borrower shall require the Investment Obligor and the CDE to obtain the following collateral for the QLICI Loan (collectively, the "Collateral"):

- (i) A first priority lien on the Property described in **Attachment 3**, established through an appropriate and properly recorded mortgage (the "QLICI Mortgage"). The QLICI Mortgage shall be in form and content consistent with this Contract, enforceable under State and local law, shall contain such other provisions as a prudent lender would reasonably require, and may contain the provisions in paragraphs (ii) and (iii) below if applicable to this transaction.
- (ii) An assignment of any and all rights, titles, and interests of the Qualified Business in and to any leases covering the Property ("Assignment of Leases and Rents"), which shall be in a form acceptable to the Borrower.
- (iii) An assignment of any and all rights, titles, and interests of the Qualified Business in and to any licenses, permits, and other agreements covering the Property ("Assignment of Interest in Licenses, Permits and Agreements"), which shall be in a form acceptable to the Borrower.
- (iv) Personal guaranties (individually and collectively a "Personal Guaranty") of Con V. Vong and Rika Vong, husband and wife, and Manh V. Vong and Jenny N. Dang, husband and wife (individually and collectively a "Personal Guarantor") of all payments due under the Investment Obligor Note. The Personal Guaranty shall be in a form acceptable to the Secretary.

- (v) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.
- (d) The Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in (e) and (f) below (hereinafter referred to as the "Security Documents"). The Borrower and the Custodian shall enter into a written "Custodial Agreement" containing such provisions as the Secretary deems necessary. A fully executed copy of such agreement, with original signatures, shall be forwarded to the Secretary contemporaneously with the delivery of documents pursuant to (e) and (f) below.
- (e) The Borrower shall enter into a written "**Collateral Agency Agreement**" with the CDE and the Qualified Business receiving a loan from the CDE [other parties may be added, e.g., Investment Obligor, Guarantor, if applicable, etc.], in order to permit the Borrower to act as Collateral Agent for such CDE with respect to the exercise of the CDE's security rights under the Security Documents with respect to the QLICI Loan and the Property (to the extent provided therein), and to perform other functions identified and consented to therein by the CDE and the Qualified Business related to assuring completion of the Project and compliance with applicable section 108-related requirements as provided in such Security Documents. The form and content of the Collateral Agency Agreement shall be satisfactory to the Secretary.
- (f) Not later than five business days after the initial disbursement of the Guaranteed Loan Funds to an Investment Obligor, the Borrower shall deliver to the Custodian the following:
 - (i) The original Investment Obligor Note, endorsed in blank and without recourse.
 - (ii) The original Investment Obligor Loan Agreement and a collateral assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (iii) A copy of the QLICI Loan Note, QLICI Loan Agreement, QLICI Mortgage, and the Collateral Assignments of Leases and Rents and of Licenses, Permits and Agreements, if applicable.

- (iv) A copy of the personal guaranties described in paragraph 15(c)(iv) above.
- (v) The original Collateral Agency Agreement, and a collateral assignment thereof to the Secretary, which shall be in a form satisfactory to the Secretary.
- (vi) The original Collateral Assignment of Membership Interest in the CDE and a collateral assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
- (vii) An opinion of Borrower's counsel and the respective counsel on their letterhead, addressed and satisfactory to the Secretary, that:
 - (A) The Investment Obligor, CDE, and Qualified Business are duly organized and validly existing, respectively, as a **[corporation, partnership, limited liability company, etc.]** under the laws of its state of organization and they are **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of Washington;
 - (B) The Investment Obligor Note and QLICI Note have each been duly executed and delivered by a party authorized by the respective Investment Obligor or Qualified Business to take such action and each is a valid and binding obligation of the respective Investment Obligor or Qualified Business, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and
 - (C) The security instruments, assignments and agreements specified in (ii) through (vi) above are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Investment Obligor, CDE, or Qualified Business, Borrower's counsel may attach and expressly rely on an opinion of counsel to each such entity satisfactory to the Secretary.

- (viii) In the event that the Borrower acquires or otherwise assumes the interest of the CDE in the Property described in **Attachment 3**, then the Borrower shall also deliver a mortgagee title policy, issued by a company and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Mortgage or be accompanied by an endorsement of the policy to the Secretary.
 - (ix) A certified survey with a legal description conforming to the title policy and the QLICI Mortgage.
 - (x) An appraisal of the fee simple ownership interest in the Property specifying an as-built estimate of fair market value of not less than 125 percent (125%) of the principal balance of the Investment Obligor Note plus any outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Property. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
 - (xi) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c)(v).
- (g) Paragraph 12 is amended by adding at the end thereof the following language:
- "(g) The Secretary may complete the endorsement of the Investment Obligor Note and record any assignment thereof referred to in paragraph 15(f) and thereby effectuate the transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.
 - "(h) The Secretary may enforce any of the rights, but shall be subject to none of the obligations, of the Borrower under the Collateral Agency Agreement."
- (h) The Borrower agrees that it shall promptly notify the Secretary in writing upon the occurrence of any event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security

Documents, as defined in paragraph 15(d). Notification of an Event of Default shall be delivered to the Secretary as directed in paragraph 12(f) above. Upon the occurrence of an Event of Default, the Secretary may (without prior notice or hearing, which Borrower hereby expressly waives), in addition to (and not in lieu of) exercising any and all remedies that may be available under the Security Documents, declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph 15(h) shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(i) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.

- (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2009 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).
- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.
- (iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole

discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

- (iv) All notices and submissions provided for hereunder above shall be submitted as directed in paragraph 12(f).

- (j) If any one or more of the covenants, agreements, provisions, or terms of this Contract shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Contract and shall in no way affect the validity or enforceability of the other provisions of this Contract or of the Note or the rights of the Holder thereof.

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THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

King County, Washington
BORROWER

BY: _____
(Signature)

(Name)

(Title)

(Date)

**SECRETARY OF HOUSING AND URBAN
DEVELOPMENT**

BY: _____
(Signature)

Nelson R. Bregón
(Name)

General Deputy Assistant Secretary
For Community Planning & Development
(Title)

(Date)

Attachment 3

Description of Real Property

Proposed Ordinance 2009-0193, Attachment B, dated March 25, 2009

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM**

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: B-06-UC-53-0001

DATE OF NOTE: _____

BORROWER:

King County, Washington

PRINCIPAL DUE DATES AND PRINCIPAL AMOUNT: Before the Conversion Date, the aggregate of Advances made for each applicable Principal Due Date specified in the Commitment Schedule to this Note; on or after the Conversion Date, the Principal Amount (if any) listed for each Principal Due Date in Schedule P & I hereto.

MAXIMUM COMMITMENT

AMOUNT: \$5,250,000

COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER:

AFTERWATCH & CO
As Nominee for
Money Market Obligations Trust
on behalf of its Government Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, King County, (the "Borrower"), which term includes any successors and assigns), a public entity organized and existing under the laws of the State (or Commonwealth as applicable) of Washington, promises to pay to the Registered Holder (the "Holder," which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Chase Manhattan Bank (now known as JPMorgan Chase Bank), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefore by the purchasers selected by the Secretary to make such payment; and (ii) assigned to JPMorgan Chase Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance.

The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate

for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and

August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F, the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary with the written agreement of the Borrower and the Secretary absent the consent of the Holder.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

[This space intentionally left blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

King County, Washington
BORROWER

By: _____
(Signature)

(Name)

(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

[This page to be completed by the Fiscal Agent for transfer of the Note by the Holder as of the
Conversion Date pursuant to the last paragraph of Section I.A. of this Note.]

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing

within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

COMMITMENT SCHEDULE

Note No. B-06-UC-53-0001

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2009	\$ 0
August 1, 2010	0
August 1, 2011	0
August 1, 2012	0
August 1, 2013	0
August 1, 2014	0
August 1, 2015	0
August 1, 2016	899,000
August 1, 2017	154,000
August 1, 2018	164,000
August 1, 2019	175,000
August 1, 2020	186,000
August 1, 2021	198,000
August 1, 2022	211,000
August 1, 2023	225,000
August 1, 2024	240,000
August 1, 2025	255,000
August 1, 2026	272,000
August 1, 2027	289,000
August 1, 2028	1,982,000
Maximum Commitment Amount =	\$5,250,000

SCHEDULE P&I*

Note No. B-06-UC-53-0001

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
	August 1, 2009			X
	August 1, 2010			X
	August 1, 2011			X
	August 1, 2012			X
	August 1, 2013			X
	August 1, 2014			X
	August 1, 2015			X
	August 1, 2016			X
	August 1, 2017			X
	August 1, 2018			X
	August 1, 2019		X	
	August 1, 2020		X	
	August 1, 2021		X	
	August 1, 2022		X	
	August 1, 2023		X	
	August 1, 2024		X	
	August 1, 2025		X	
	August 1, 2026		X	
	August 1, 2027		X	
	August 1, 2028		X	

\$ = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2019, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2018.

*This schedule will not be completed when initially executed and delivered by the Borrower for Guarantee for interim, variable-rate financing. It will be completed when assigned by the Holder at the request of the Borrower for conversion to Fixed Rates on the Conversion Date. The first date shown above on which Optional Redemption is available is expected to be the same when this schedule is completed, if the Borrower participates in the initial Section 108 public offering after receiving an interim financing

Advance hereunder. If the Borrower participates in a later public offering, the first date on which Optional Redemption is available is expected to be correspondingly later.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM**

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: B-08-UC-53-0001

DATE OF NOTE: _____

BORROWER:

King County, Washington

PRINCIPAL DUE DATES AND PRINCIPAL AMOUNT: Before the Conversion Date, the aggregate of Advances made for each applicable Principal Due Date specified in the Commitment Schedule to this Note; on or after the Conversion Date, the Principal Amount (if any) listed for each Principal Due Date in Schedule P & I hereto.

MAXIMUM COMMITMENT AMOUNT: \$1,000,000

COMMITMENT AMOUNTS: See Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER:

AFTERWATCH & CO
As Nominee for
Money Market Obligations Trust
on behalf of its Government Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, King County, (the "Borrower"), which term includes any successors and assigns), a public entity organized and existing under the laws of the State (or Commonwealth as applicable) of Washington, promises to pay to the Registered Holder (the

"Holder," which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Chase Manhattan Bank (now known as JPMorgan Chase Bank), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefore by the purchasers selected by the Secretary to make such payment; and (ii) assigned to JPMorgan Chase Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the

period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and

August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F, the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary with the written agreement of the Borrower and the Secretary absent the consent of the Holder.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

[This space intentionally left blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

King County, Washington
BORROWER

By: _____
(Signature)

(Name)

(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

[This page to be completed by the Fiscal Agent for transfer of the Note by the Holder as of the
Conversion Date pursuant to the last paragraph of Section I.A. of this Note.]

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing

within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

COMMITMENT SCHEDULE

Note No. B-08-UC-53-0001

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2009	\$ 0
August 1, 2010	0
August 1, 2011	0
August 1, 2012	0
August 1, 2013	0
August 1, 2014	0
August 1, 2015	0
August 1, 2016	75,000
August 1, 2017	75,000
August 1, 2018	75,000
August 1, 2019	75,000
August 1, 2020	75,000
August 1, 2021	75,000
August 1, 2022	75,000
August 1, 2023	75,000
August 1, 2024	75,000
August 1, 2025	75,000
August 1, 2026	75,000
August 1, 2027	75,000
August 1, 2028	100,000
Maximum Commitment Amount =	\$1,000,000

SCHEDULE P&I*

Note No. B-08-UC-53-0001

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
	August 1, 2009			X
	August 1, 2010			X
	August 1, 2011			X
	August 1, 2012			X
	August 1, 2013			X
	August 1, 2014			X
	August 1, 2015			X
	August 1, 2016			X
	August 1, 2017			X
	August 1, 2018			X
	August 1, 2019		X	
	August 1, 2020		X	
	August 1, 2021		X	
	August 1, 2022		X	
	August 1, 2023		X	
	August 1, 2024		X	
	August 1, 2025		X	
	August 1, 2026		X	
	August 1, 2027		X	
	August 1, 2028		X	

\$ _____ = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2019, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2018.

*This schedule will not be completed when initially executed and delivered by the Borrower for Guarantee for interim, variable-rate financing. It will be completed when assigned by the Holder at the request of the Borrower for conversion to Fixed Rates on the Conversion Date. The first date shown above on which Optional Redemption is available is expected to be the same when this schedule is completed, if the Borrower participates in the initial Section 108 public offering after receiving an interim financing Advance hereunder. If the Borrower participates in a later public offering, the first date on which Optional Redemption is available is expected to be correspondingly later.

Proposed Ord. 2009-0193, Attachment C, dated March 30, 2009

LOAN AGREEMENT

between

WHITE CENTER INVESTMENT FUND, LLC

and

KING COUNTY

ATTACHMENT C dated March 30, 2009

Loan Agreement

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Attachment A Legal Description for Property
Attachment B Description of Project
Attachment C Form of Obligor Note

OBLIGOR LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented or amended from time to time, and including all documents and terms incorporated herein by reference, the “Agreement” or “Obligor Loan Agreement”), dated as of April [], 2009, is entered into by and between WHITE CENTER INVESTMENT FUND, LLC, a Delaware limited liability company (hereinafter called “Obligor”) and KING COUNTY, a Washington municipal corporation (hereinafter called “County”).

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

A. Vongs LLC, a Washington limited liability company ("QALICB"), is the owner of real property described in Attachment A, attached hereto and made a part hereof by this reference (the “Property”). The QALICB intends to develop the Property as described in Attachment B, attached hereto and incorporated herein by this reference (“the Project”).

B. Obligor has requested from the County a loan of federal Section 108 loan proceeds in the amount of Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000) in order to invest in NDC New Markets Investments XXXVIII, LLC, a Delaware limited liability company (“CDE”) to finance the Project, which qualifies for the New Markets Tax Credit allowed by Sections 38 and 45D of the Internal Revenue Code of 1986, as amended (the “Code”).

The CDE has made a qualified low income community investment and \$10,914,907 will be spent for acquisition and development costs of the Project.

C. The United States Department of Housing and Urban Development (“HUD”) has agreed, subject to certain conditions, to guarantee a non-recourse note or notes (collectively, as supplemented or amended from time to time, and together with any replacements thereof issued by the County and guaranteed by HUD pursuant to the HUD Contracts described below, the “County Notes”) issued by County in part to fund the Loan (described in Section 1.1 below), in accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (such Act and the federal regulations promulgated there under are hereinafter collectively called the “Act”). The County Notes will be Variable/Fixed Rate Notes in the maximum commitment amount of \$6,250,000, which will be issued pursuant to two Contracts for Loan Guarantee Assistance between the County and HUD (the “HUD Contracts”), identified by B-06-UC-53-0001 and B-08-U-53-0001 and dated April ##, 2009, and that certain Letter Agreements for Section 108 Guarantee Program Custodial Account (as supplemented or amended from time to time, the “Letter Agreements”) among the County, HUD and The Bank of New York Mellon Trust Company (hereinafter referred to, with any successors under such agreement or successor agreement as “Custodian”). County has entered into an Indenture of Trust and Custodial Agreement with the Custodian (as supplemented or amended from time to time, together with any substitute therefore in accordance with Section 7.2 below, the “Custodial Agreement”), which provides for, among other things, the Custodian to hold certain security for the County Notes on behalf of HUD and for the establishment and management

of certain accounts pursuant to the HUD Contracts and Letter Agreements. The County Notes will be issued pursuant to the HUD Contracts and an application submitted to HUD by the County dated _____ and as amended _____ (as amended, the "Application"). The Application, HUD Contracts, County Notes, Letter Agreements and Indenture of Trust and Custodial Agreement are incorporated herein by this reference. Unless the context otherwise requires, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the HUD Contracts or County Notes, as applicable.

D. The Business Relations and Economic Development Section of the Office of Strategic Planning and Performance Management Division of the County ("BRED") is responsible within King County for making, subject to County Council approval, loans of funds obtained from HUD by pledges of Community Development Block Grant ("CDBG") funds to be made available to the County by HUD, pursuant to the Act. Unless the County otherwise notifies Obligor, in writing, BRED shall be responsible for ensuring the performance of the obligations of the County under this Agreement and the other Loan Documents, and for oversight of performance of such agreements by Obligor. The Director of BRED, or his or her duly authorized designee, and any official of the County succeeding to the functions of such Director, is referred to herein as the "BRED Director."

E. The Loan shall be evidenced by this Agreement and by Obligor's Promissory Note ("Obligor Note") in the form attached hereto as Attachment C and hereby incorporated by reference, and together with Obligor's other obligations under the Loan Documents, secured by a Pledge and Security Agreement (the "Security Agreement") relating to Obligor's interest in CDE in the form and content acceptable to the County. The Obligor Note, this Agreement, the Security Agreement, and any other documents or instruments executed by Obligor in favor of County pursuant hereto, are collectively referred to herein as the "Loan Documents". Where the context so requires, to the extent that the Loan Documents provide that Obligor's obligations or duties there under are determined by reference to any terms or provisions of documents incorporated by reference in any of the Loan Documents, any reference to the "Loan Documents" shall include such terms or provisions.

F. The portion of principal on the County Note that is scheduled to become due and payable in any year, equal to that portion of principal on the Obligor Note scheduled to become due in the same year, is referred to as the "Corresponding Advance" to such portion of principal on the Obligor Note, and the aggregate of all Corresponding Advances is referred to as the "Corresponding Portion" of the County Note.

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants, conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I – THE OBLIGOR LOAN

1.1 The Loan. In reliance upon Obligor’s representations and warranties, and subject to the terms and conditions contained in this Agreement, the other Loan Documents, the HUD Contract, the Letter Agreements and the Custodial Agreement, the County hereby agrees to cause funds to be advanced to Obligor through the Custodian (which advances collectively shall constitute the “Loan”) in a maximum aggregate principal amount equal to Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000), solely for the purposes set forth in Section 1.2 below. Loan disbursements shall be made only to the extent of available funds received by the Custodian for such purposes through issuance by the County of the County Note, and the County shall have no obligation to make disbursements to or for the benefit of Obligor for payment of costs of the Project or otherwise, from any other source. Obligor shall have the right to receive Loan funds only pursuant to the terms and conditions of this Agreement and in accordance with the Act.

1.2 Purpose of Loan. Loan proceeds shall be used by Obligor solely to make an investment which will be used for costs for the acquisition and predevelopment and construction costs of the Project, which is intended to be developed into a multi-tenant retail/office plaza with surface parking in the White Center community of unincorporated King County in accordance with this Agreement.

1.3 Loan Documentation; Payment of Principal and Interest.

(a) Loan Documentation. The Loan shall be evidenced by this Agreement and by the Obligor Note and, together with Obligor’s other obligations under the Loan Documents, shall be secured by the Security Agreement.

(b) Principal and Interest. The principal of and interest on the Loan shall be due and payable in accordance with the terms set forth in the Obligor Note.

1.4 Security.

(a) Security Agreement. The obligations of Obligor under the Loan Documents at all times shall be secured by a pledge of the membership interest of Obligor in the CDE and other collateral (collectively, the “Collateral”) pledged by the Security Agreement, subject to any encumbrances, modifications, partial releases or substitutions of security that the BRED Director may authorize in writing, in the discretion of the BRED Director. The liens and security interests granted pursuant to the Security Agreement shall be perfected, to the extent possible, by filing under the Washington Uniform Commercial Code, and Obligor agrees to take all action reasonably requested by the County or Custodian, and to pay all fees and costs reasonably required to continue such perfection so long as the Loan or any of Obligor’s other obligations under the Loan Documents remain outstanding. In the event of an assignment of this Agreement, any deed of trust, or other security documents securing the obligations of Obligor under the Loan Documents shall be included as Collateral hereunder.

(b) Reserve Accounts. Obligor's obligations under the Loan Documents also shall be secured by all funds and investments in all of the accounts now or hereafter established under the Loan Documents, including without limitation, the Custodial Agreement, relating to the Obligor and specifically including without limitation, the accounts related to the Obligor Note in the Guaranteed Loan Funds Account, the Guaranteed Loan Funds Investment Account, the Loan Repayment Account, and the Loan Repayment Investment Account, (all such accounts are collectively referred to herein as the "Reserve Accounts," and to the extent that the Custodian maintains any account for the purpose of more than one loan, all references to any such account, unless the context clearly requires otherwise, shall refer to the subaccount thereof related to the Obligor, Obligor hereby pledges to the County, and grants the County a security interest in, all right, title and interest of Obligor, if any, in and to the funds and investments now or hereafter in the Reserve Accounts, and all earnings thereon and proceeds thereof. Obligor agrees that such funds and other assets shall constitute "cash collateral" as described in the United States Bankruptcy Code.

(c) Rights of County With Respect to Security. Subject to Section 7.17 hereof, Obligor irrevocably agrees that, to the full extent permitted by applicable law, the County may realize upon any security for the Loan in any order, either before, concurrently with, or after either (1) any action to realize upon any other form of security, including without limitation the Collateral or (2) any suit or other proceeding on the Obligor Note, in each case without affecting the status of or waiving any rights or remedies under the Loan Documents or with respect to any security. Obligor consents to any and all actions that the County or Custodian may take to release, subordinate, accept substitution for, modify, compromise or waive any or all security with respect to the Loan, and Obligor agrees that no such action shall impair any rights or remedies of the County or Custodian under the Loan Documents.

(d) Perfection of Security Interests. Obligor shall promptly take such actions as shall be reasonably requested by the County or Custodian, and pay all fees and costs reasonably required, in order to perfect and continue the perfection and priority of any and all security interests granted hereunder or pursuant to this Agreement, so long as the Loan remains outstanding. Obligor agrees that, in addition to all other rights and remedies otherwise under the Loan Documents, immediately upon acceleration of the balance owing on the Loan, whether upon an Event of Default or any other circumstance permitting acceleration, the County shall have the absolute right, without notice or demand, to apply all funds and assets granted as security hereunder or otherwise for the Loan, to amounts owing under the Loan Documents, and for such purpose to liquidate or cause to be liquidated any investments in any commercially reasonable manner, and irrevocably authorizes any Custodian, upon notice from the County of an Event of Default or any other circumstance permitting acceleration, to comply with the County's directions to so apply any or all such funds and assets and to liquidate investments for such purpose.

1.5 Reserved.

1.6 Payment of Costs and Fees. Obligor shall ensure that the loan agreement for the Junior Leverage Loan (hereinafter defined) requires that, in the event the Reserve Funds are insufficient to pay the all costs of the County in connection with the Loan, including without

limitation, fees and costs incurred by the County pursuant to the HUD Contract and the County Note, Vong's Brothers, LLC (the lender of the Junior Leverage Loan) will be responsible to pay such costs to the Custodian. The costs and fees payable shall include, without limitation, any and all charges and costs billed by the Fiscal Agent in respect of the Corresponding Portion of the County Note under the Amended and Restated Master Fiscal Agency Agreement among HUD and The Chase Manhattan Bank (now known as the Bank of New York Mellon) as Fiscal Agent ("Fiscal Agent") dated as of May 17, 2000; (ii) on and after the Conversion Date, any charges and costs in respect of the Corresponding Portion of the County Note billed by the trustee under that certain Trust Agreement by and between HUD and Chemical Bank, as Trustee, dated as of January 1, 1995, as now and hereafter amended and supplemented, and under any other trust agreement or similar instrument that may be executed by HUD in connection with a public offering conducted with respect to notes guaranteed by HUD under the Section 108 program (each such offering is referred to herein as a "Public Offering") that involves the County Note, (iii) fees and costs of the Custodian in connection with the Custodial Agreement and Letter Agreements, costs in connection with Closing. Such fees and costs as of the date of Closing are estimated (but not guaranteed) to be as follows: Custodian's initial fee and first annual fee: \$1,500; Custodian's outside counsel fees and costs: \$N/A; Fiscal Agent fee: \$70. These estimates do not include the following, which shall also be paid by Obligor: the fees described in Section 1.5; fees and costs of the Custodian, if any, other than the initial set-up fee; and any fees or costs of Custodian's outside counsel incurred after the date of Closing, including without limitation, in connection with a Public Offering, and as may be incurred in case of breach or failure to perform by Obligor or in case of any litigation arising in connection with this Agreement.

1.7 County Funds Not Obligated. The Loan will be made only from non-County funds that the Custodian receives under the HUD Contracts and County Notes. In accordance with RCW 35.21.735, the County Note, and any payments or obligations under the HUD Contract and any documents or agreements relating thereto, including without limitation this Loan Agreement shall be a valid claim only against and payable solely from, the Accounts held by the Custodian and from the security pledged under the HUD Contract, and shall not be an obligation of King County or the State of Washington, and neither the faith and credit nor the taxing power of the County or State or any municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium, if any, on the County Note or for any amounts due under the HUD Contract or any documents or agreements relating thereto including without limitation this Agreement. Nothing herein shall constitute a debt or indebtedness of the County payable from public funds within the meaning of any constitutional or statutory limitation on the incurrence of debt. Obligor agrees and acknowledges that this Agreement does not create any recourse to or claim upon the County's general fund, or any other funds of the County, and Obligor hereby disclaims any such claim.

1.8 Application of Payments. So long as the County or the Custodian shall have received, in immediately available funds and in the manner required hereunder, timely payments of interest and principal on the Obligor Note in the amounts required there under, the County shall apply or cause the Custodian to apply such payments to payment of interest on and the principal of the County Note, as such interest and principal shall become due.

1.9 Acceleration on Certain Events. Subject to Section 7.17 hereof, the County shall have the absolute right, in its discretion, to declare all or any part of the principal balance owing on the Loan immediately due and payable in the event that:

(a) HUD or any court of competent jurisdiction shall determine that the Loan or the issuance of the County Note must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any County Note cannot be issued or cannot be guaranteed by HUD; or

(b) HUD shall notify the County that any or all of the County Note cannot be included in the pool of notes for purposes of a scheduled Public Offering for any reason, and that HUD or the holder of the County Note is not willing to allow the interim terms of the County Note to remain in effect pending a later public offering; provided, that unless otherwise required by HUD or by the effect of a court order, Obligor shall be allowed a period of ninety (90) days after notice to Obligor thereof to seek to have such determination reversed or rescinded, or the effect thereof stayed, prior to acceleration of all or any part of the principal balance. If any such stay is obtained, then the County shall have the right to accelerate all or part of the principal balance immediately upon the lifting or termination of such stay.

1.10 Consent to Conversion. Obligor acknowledges and agrees that under the HUD Contracts, the County may elect to fix the interest rate payable on the County Notes and that HUD will have the unilateral right, with or without notice to the County and/or Obligor, to fix the interest rate payable on the County Notes. Obligor acknowledges and agrees to such terms in the HUD Contracts.

ARTICLE II – OBLIGOR’S REPRESENTATIONS, WARRANTIES AND COVENANTS

In order to induce County to make the Loan and to cause the Custodian to draw funds subject to the HUD Contract, Obligor represents, warrants and covenants as set forth below in this Article II as of the date hereof, as of the date of Closing, and at all times any of the principal of or interest on the Loan remain outstanding. These representations, warranties and covenants shall survive the execution, delivery and performance of the Loan Documents.

2.1 Organization of Obligor; Authority to Enter into Agreement. Obligor is a limited liability company, duly organized and validly existing pursuant to the laws of the State of Delaware. Obligor has the right and power to own all of its properties and to transact the business in which it is currently engaged or proposes to engage, and Obligor has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and perform the provisions of the Loan Documents. The execution, delivery and performance of this Agreement, and the other Loan Documents have been duly authorized by all necessary company action, and no other action of Obligor or any other party is required for the execution, delivery and performance of this Agreement or the other Loan Documents. This Agreement and the other Loan Documents constitute valid and binding obligations of Obligor, each enforceable in accordance with their respective terms.

2.2 Nondiscrimination, Fair Contracting Practices, WMBE.

(a) During the performance of this Loan Agreement, Obligor shall cause CDE to require the QALICB to provide evidence which will be provided to the County that no contractors contracting in connection with the Project (whether or not to be paid from Loan funds) shall discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, sexual orientation, gender identity, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any other benefits under this Loan Agreement. Obligor shall cause CDE to require the QALICB to provide evidence to the County that each such other party has complied fully with, all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, Titles VI and VII of the Civil Rights Act of 1964 and Chapter 14.04 of the Seattle Municipal Code.

(b) Each party is required to comply with the Fair Contracting Practices Ordinance of King County (King County Code 12.17), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the King County Code as well as various civil remedies.

(c) Efforts to Utilize WMBEs. The County encourages the utilization of minority owned businesses (“MBEs”) and women-owned businesses (“WBEs,” collectively, “WMBEs”), in contracts funded by the County. The County encourages, the Obligor to encourage the CDE to encourage the QALICB with respect to the Project, to utilize the following practices to open competitive opportunities for WMBEs:

(1) Attending a pre-bid or pre-solicitation conference, if any, if scheduled by the County or Obligor, to provide project information and to inform WMBEs of contracting and subcontracting opportunities.

(2) Placing all qualified WMBEs attempting to do business in the County on solicitation lists, and providing written notice of subcontracting opportunities, if any, from Obligor to WMBEs capable of performing the work, including without limitation all businesses on any list provided by the County, in sufficient time to allow such businesses to respond to the written solicitations.

(3) Breaking down total requirements into smaller tasks or quantities, where economically feasible and applicable, in order to permit maximum participation by small businesses including WMBEs.

(4) Establishing delivery schedules, as applicable, where the requirements of this contract permit, that encourage participation by WMBEs.

(5) Providing WMBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract with Obligor, if any.

(6) Utilizing the services of available minority community organizations, minority contractor groups, local minority assistance offices, the County, and other organizations that provide assistance in the recruitment and placement of WMBEs, as applicable.

Nothing in this Section shall be construed to require or authorize any discrimination or preferential treatment contrary to applicable law.

The County has been provided evidence that language requiring compliance with this Section 2.2 will be included in contracts entered into by the QALICB with respect to the Project and it is agreed that the same satisfies all of the conditions of this Section 2.2.

2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Obligor threatened, against or affecting Obligor or the Collateral in any court of law or in equity, or before or by any governmental or municipal authority.

2.4 Title. Obligor is, or shall be as of the time of the release of any proceeds of the loan from the escrow established for the disbursement thereof, the owner of the Collateral. The QALICB shall be the owner in fee simple of the Property.

(a) The Obligor shall ensure that the Collateral is and shall be subject to no liens or encumbrances, other than the \$2,394,007 loan from Vong's Brothers LLC to Obligor (the "Junior Leverage Loan") and other than the short term \$ ____ bridge loan from [ODFC/NCB] to Obligor (the "Bridge Loan");

(b) Other than the Deed of Trust held by the CDE and securing the loan to QALICB of Section 108 Loan Proceeds, the Property is and shall be subject to no liens or encumbrances except:

(i) The Deed or Deeds of Trust held by the CDE securing two loans to QALICB in the cumulative amount not to exceed \$3,115,688 and \$1,549,219 , with a term loan of no less than seven (7) years;

(ii) Any other encumbrances in favor of the County;

(iii) Liens for property taxes or assessments on the Property not yet due;

(iv) Any other liens approved in writing by the County and, to extent required by the HUD Contract, HUD.

2.5 Covenants, Zoning, Codes and Permits. Obligor covenants that, if the Loan is assumed by QALICB or an affiliate thereof, the Property and its uses will at all times comply in all material respects with, all applicable zoning and land use codes, building and construction codes,

fire codes, environmental statutes and regulations, and other laws, ordinances, and regulations applicable to the development and operation of the Property, including without limitation, the Americans with Disabilities Act. All permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or necessary for the present and intended operations of the Property, have been obtained or will be obtained in due course as required to permit timely completion and continuous operation of the Project thereafter, and shall be valid, adequate and in full force and effect.

2.6 Description of the Project. The description of the Project set forth in Attachment B hereto, to the best of Obligor's knowledge, is accurate and complete in all material respects. Obligor is investing in the CDE to finance the Project described in Attachment B.

2.7 Compliance With Documents. Obligor is and will remain in full compliance with all of the terms and conditions of this Agreement and the other Loan Documents, and any and all other material agreements, instruments or other documents affecting the Collateral, and no occurrence has or shall have occurred and be continuing, which, with the passage of time or the giving of notice, or both, would constitute a default under any of the foregoing.

2.8 Taxes Are Paid. Obligor has filed all material tax returns that are required and has paid or made provision for the payment prior to the last day on which payment may be made without interest or penalty of all taxes that have or may become due pursuant to said returns or pursuant to any assessments levied against the Obligor or its personal or real property by any taxing agency, federal, state or local, and Obligor has withheld any paid over to proper authorities all withholding taxes required by law. No due or overdue tax liability or lien has been asserted by the Internal Revenue Service or other taxing agency, federal, state or local, and the Obligor knows of no basis for any such deficiency assessment or lien.

2.9 TIN. Obligor's federal tax identification numbers is: XXXXXXXXXXXXX.

ARTICLE III – CONDITIONS PRECEDENT TO LOAN CLOSING

The County's obligation to perform its duties under this Agreement, including without limitation causing disbursement of any funds, shall be subject to the full and complete satisfaction of the following conditions precedent:

3.1 Documents. County shall have received fully executed originals of each of the following, each of which shall have been duly authorized, executed (and acknowledged where appropriate) and delivered by the parties thereto, and shall be in form required by this Agreement, with such modifications as may be approved by the County in accordance with the Ordinance: this Agreement; the Obligor Note; the Security Agreement; any other security documents required by the County pursuant to Section 1.4 hereof, the Standstill Agreement, and such other documents as County shall reasonably request.

3.2 Evidence of Authority; Officer's Certificate. County shall have received evidence satisfactory to it that Obligor and the persons signing on behalf of Obligor have the capacity and authority to execute and deliver Loan Documents on behalf of Obligor, including, but not limited to, a copy of Obligor's operating agreement and appropriate resolutions authorizing the transactions contemplated hereby, all as certified by an officer of Obligor as true, complete and in full force and effect. County shall have received a Certificate of Obligor, executed by a duly authorized officer of Obligor, in form and content acceptable to the County.

3.3 Legal Opinions.

(a) County shall have received a legal opinion, containing reasonable and customary exclusions and qualifications, and in form and content reasonably satisfactory to County and the County's counsel, and sufficient to support such counsel's opinion as required by HUD, from [list name of firm giving opinion], who shall be satisfactory to County, confirming among other matters reasonably requested by the County, that:

(1) Obligor is duly organized and validly existing as a limited liability company in the State of Delaware and under the laws of the State of Washington, the Obligor is qualified to transact the business it is conducting;

(2) Obligor has the power and authority to execute and deliver the Loan Documents to be executed by Obligor and to perform all of its obligations there under;

(3) The execution and delivery of the Loan Documents by Obligor do not, and the transactions contemplated by the Loan Documents will not, violate any laws or regulations applicable to Obligor and will not conflict with and will not cause a default under (i) any provisions of the Obligor's certificate of formation, operating agreement or other governing documents, or (ii) any other material agreements, instruments, judgments, decrees, orders or undertakings known to such counsel after reasonable inquiry by which Obligor is bound or to which the Collateral is subject;

(4) The Obligor's pledge of the membership interest in NDC New Markets Investments, LLC will not violate the securities Act of 1933, as amended and/or applicable state securities laws, and/or any rule or regulation promulgated there under;

(5) The CDE and QALICB are duly organized and validly existing, respectively, as a limited liability company under the laws of its state of organization and they are qualified to transact the business they are conducting under the laws of the State of Washington;

(6) The Obligor Note and QLICB Notes have each been duly executed and delivered by a party authorized by the respective Obligor or QALICB to take such action and each is a valid and binding obligation of the respective Obligor or QALICB, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally;

(7) The security instruments, assignments and agreements specified in (ii) through (v) above are valid and legally binding obligations, enforceable in accordance with their respective terms; and

(8) The Loan Documents have been duly authorized, executed and delivered by Obligor, and constitute the legal, valid, binding obligations of Obligor, enforceable in accordance with their terms.

(b) The County shall have received such additional items as may be required pursuant to the HUD Contract, including without limitation, an opinion of counsel to the County.

3.4 Additional Conditions Precedent to Advance of Funds.

As conditions to any right of Obligor to the advance hereunder:

(a) The County shall have received such additional documents and further assurances as it may reasonably request or which are required by HUD or any federal, state or county regulatory agency.

(b) Obligor shall be in full compliance with, and shall not be in breach or default under, this Agreement, any of the other Loan Documents; provided, however, that County may, in its discretion, elect to make advances notwithstanding the existence of Obligor's noncompliance or default, and any advance so made shall be deemed to have been made pursuant to this Agreement and secured by the Security Agreement.

(c) The representations and warranties of Obligor contained herein shall remain accurate in all material respects as of the date of the requested disbursement.

(d) Neither HUD nor any court of competent jurisdiction shall have determined that the issuance of the County Note or the making of the Loan must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any County Note cannot be issued or cannot be guaranteed by HUD.

ARTICLE IV – LOAN DISBURSEMENTS AND REPAYMENTS; RESERVE ACCOUNTS

4.1 Single Disbursement. Conditioned upon receipt of proceeds of the County Note and satisfaction of all other applicable conditions to Loan disbursements under this Agreement, Loan funds in the amount of Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000) shall be advanced to Obligor to be used to make an equity investment in the CDE. Obligor shall not be entitled to any subsequent disbursement of Loan funds.

4.2 Request for Interim Funding Advance; Interest to Run from County Note Funding; Cancellation upon Failure to Satisfy Closing Conditions; Payment of County's Costs. Obligor acknowledges and confirms that it has requested that the County request of HUD an advance on the County Note to be made in the maximum amount of the Loan hereunder. The County has submitted a request for funds to HUD, but the County shall not be liable or responsible for any

failure or delay by HUD, the Fiscal Agent or the interim purchaser of the County Note, or for any delay in the process of transferring funds to the Custodian and to the escrow agent. Regardless of the actual date of funding of the Loan, interest shall run from the date of the advance on the County Note. If funds are disbursed by HUD on the County Note, but the conditions to disbursement of funds to Obligor are not fully satisfied within fifteen (15) days thereafter, then the County shall have the right to cancel this Agreement, and Obligor shall then pay on demand all fees and costs of the Custodian and Fiscal Agent, and shall reimburse the County for all reasonable fees and costs of its outside counsel and consultants incurred in connection with this Loan, but shall not be liable for the Loan fee described in Section 1.5 of this Agreement. In addition, if this Loan Agreement shall be canceled under this Section after proceeds of the County Note shall have been disbursed to the Custodian, then the Obligor shall pay to the Custodian on demand an amount equal to all interest that shall accrue on the Corresponding Portion of the County Note from the date of such disbursement to the date of redemption thereof, less net earnings actually received (if any) by the Custodian on the proceeds of the County Note disbursed to the Custodian for this Loan, prior to such redemption.

4.3 Reserved.

4.4 Loan Repayment Account.

(a) Monthly Deposits. Commencing in the first month disbursement of principal of the County Note in respect of the Obligor Note is to be made, Obligor shall make monthly installment payments to the Custodian for deposit in an account maintained by the Custodian for the accumulation of funds for payments on the Obligor Note (the "Guaranteed Loan Repayment Account," established under the Custodial Agreement and Letter Agreements), in order that the Custodian shall have sufficient funds to pay installments of interest on the Obligor Note as they come due (each such due date being an "Obligor Note Payment Date") to and including _____. Following _____, Obligor shall make monthly installment payments to the Custodian for deposit in Guaranteed Loan Repayment Account, in order that the Custodian shall have sufficient funds to pay installments on the Obligor Note on each Obligor Note Payment Date. Obligor shall pay to the Custodian on each Deposit Day, the Interest Component and the Principal Component, each for deposit into the Guaranteed Loan Repayment Account. Funds in the Guaranteed Loan Repayment Account shall be used to make payments on the County Note as they come due. Each such monthly deposit shall be due and payable, in immediately available funds, on the "Deposit Day," which shall be the fifteenth (15th) day of the month, or if such day is not a Business Day, then on the previous Business Day; subject to adjustment in respect of any Conversion Date. Subject to the provisions of Section 4.4(b) hereof, the Interest Component payable each month shall be in an amount equal to the interest accrued and to accrue on the Obligor Note during that entire calendar month, except that the Interest Component shall be adjusted ratably in any month the Loan is not outstanding for the entire month. Each Principal Component shall be one-twelfth (1/12th) of the total principal coming due on the Obligor Note on the next Obligor Note Payment Date on which principal shall become due, except that the Principal Component for each Deposit Day after _____ shall be limited (but not reduced below zero) so that the total of the Principal Component and Interest Component does not exceed the total of such amounts required on the last Deposit Day falling on or before _____. Except as provided in Section 4.4(b)

below, Obligor shall not be entitled to any reductions in, or credits against, deposits to the Guaranteed Loan Repayment Account based upon interest or earnings credited to the Loan Repayment Account, the Guaranteed Loan Repayment Investment Account. The Obligor hereby irrevocably assigns all of its right, title and interest, if any, in funds deposited in the Guaranteed Loan Repayment Account, Guaranteed Loan Repayment Investment Account related to the Obligor Note, to the Custodian and the County, and shall have no residual interest in any portion of such Reserves.

(b) Transfers Authorized; Crediting Payments on Obligor Note. The Custodian is hereby irrevocably authorized to transfer from the Guaranteed Loan Repayment Investment Account to the Guaranteed Loan Repayment Account on each Obligor Note Payment Date, funds in the full amount due on the Obligor Note on each such date. The Custodian is then authorized and directed to apply funds in the Guaranteed Loan Repayment Account to the timely payment of amounts due on the Corresponding Portion of the County Note. Obligor's monthly installment payments into the Guaranteed Loan Repayment Account shall not constitute payments under the Obligor Note. Obligor shall be credited with the payment of interest and principal on the Obligor Note only when and solely to the extent that funds on deposit and/or transferred to the Guaranteed Loan Repayment Account under this Section 4.4(b), are applied to the payment of the County Note, except that if all amounts necessary to pay all amounts owing on the Obligor Note are on deposit in the Guaranteed Loan Repayment Account on the final maturity date of the Obligor Note, such amounts shall be credited on such maturity date. The Custodian is further irrevocably authorized by Obligor to liquidate investments in the Guaranteed Loan Repayment Investment Account in the Custodian's discretion, and without liability for any loss on any such liquidation, for the purposes described in this Section 4.4(b). The authorization by Obligor in this Section 4.4(b) is in addition to, and not in limitation of, the authorization in Section 1.4 above.

(c) Investment of Funds; Earnings Remain on Deposit. Funds in the Guaranteed Loan Repayment Account shall be invested at the direction of County, but only in Government Obligations, as authorized by the HUD Contracts, that mature (or are redeemable without penalty) within six (6) months and in any event no later than seven (7) Business Days before the next Obligor Note Payment Date, and that are guaranteed as to payment of principal by the United States Government, or in money market funds that invest solely in such instruments. All earnings in the Guaranteed Loan Repayment Account shall remain therein until applied in accordance with this Agreement, or until all amounts owing under the Loan Documents have been paid in full. When all amounts owing under the Loan Documents have been paid in full, then the remaining balance shall be disbursed to or upon the order of the County.

(d) Late Charge. If any deposit required to be made into the Guaranteed Loan Repayment Account is not received within ten (10) days after the date when such deposit is due, in addition to additional interest required to be paid in accordance with the Obligor Note, Obligor agrees to pay a late charge equal to five percent (5.0%) of the amount past due, as compensation to the County and Custodian for the staff time and resources required to handle such delinquencies, and not as a penalty. Such late charges shall not be credited to the Guaranteed Loan Repayment Account, but shall be retained by the County and/or Custodian. Late charges under this Section are in addition to, and not in substitution for, the other remedies provided in the Loan Documents.

4.5 Application of Payments. Any amounts to be applied to the Obligor Note in accordance with this Agreement shall be applied first to accrued interest on the Obligor Note, next to any premium then due, and the balance, if any, to reduction of principal.

ARTICLE V – OBLIGOR’S LOAN COVENANTS

In addition to other obligations of the Obligor hereunder, Obligor covenants and agrees as follows:

5.1 General. From and after the date hereof and so long as any amount remains unpaid on the Obligor Note, or for so long as any commitment exists to extend credit hereunder, Obligor covenants and agrees that it will:

(a) Promptly pay principal, interest and premium (if any) pursuant to the Obligor Note as and when the same becomes due and payable, and make any and all other payments and deposits required by the Loan Documents;

(b) Preserve and keep in full force and effect its existence as a limited liability company under the laws of the State of Delaware;

(c) Maintain and preserve the Collateral, and if the Loan is assumed by QALICB or an affiliate thereof, maintain, preserve and keep the Property, improvements thereon, and all equipment used in connection therewith in good repair, working order and condition, ordinary wear and tear excepted, and from time to time make all necessary repairs, renewals, replacements and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained.

5.2 Reserved.

5.3 Compliance with Laws. Conduct its business affairs in a reasonable and prudent manner and in compliance with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter. If the Loan is assumed by QALICB or an affiliate thereof, all use and operation of the Property and Project, and all work performed in connection with the Property and Project shall comply in all material respects with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.

5.4 Inspections. Permit the County and its representatives at any reasonable time to inspect any and all Collateral and Obligor’s other properties and to examine or audit Obligor’s books, accounts, and records and to make copies and memoranda of Obligor’s books, accounts and records. If the Loan is assumed by QALICB or an affiliate thereof, County and its representatives shall have the right, subject to the rights of tenants on the Property, at all reasonable times after three (3) days’ prior written notice during regular business hours (and at any time in the event of an

emergency) to enter upon the Property and inspect the Property to determine that the same is in conformity with this Agreement and all laws, ordinances, rules and regulations. County shall have the further right, from time to time, to inspect and copy Obligor's books and records relating to the Property. Without limiting the foregoing, Obligor shall permit County to examine and copy all books, records and other papers relating to Obligor's use of the Loan proceeds and to Obligor's compliance with this Agreement, the Act and applicable provisions of federal, state, and local laws, ordinances, rules and regulations.

5.5 Notify County of Litigation or Complaints. Obligor shall promptly notify County in writing of all litigation or threatened litigation involving the Collateral, or, to the extent Obligor becomes aware, the Property or any part of the Property, and any other litigation that reasonably could have a material adverse affect on the financial condition of Obligor, and of all complaints or charges made by any governmental authority affecting the Property or Obligor which may require changes in the development or use of the Property.

5.6 Waiver of Immunity.

If the Loan is assumed by QALICB or an affiliate thereof, Obligor waives, after mutual negotiation, and with respect to the County only, its immunity under RCW Title 51, Industrial Insurance.

Initials: Obligor: _____ County: _____

5.7 Federal Regulations. Obligor acknowledges that the Loan is to be made with funds received by the Custodian under the Section 108 program of the Act and that such funds are subject to CDBG program regulations of HUD, and certain other federal laws and regulations. Accordingly, Obligor represents that the CDE has obtained covenants, representations and warranties from QALICB to comply with all applicable requirements under HUD regulations for the CDBG program and under other laws and regulations applicable to loans of such federal funds, including without limitation those cited in this Section 5.7, and to comply with all of the provisions below, some of which extend beyond federal requirements. If the Loan is assumed by QALICB or an affiliate thereof, Obligor shall comply with all applicable requirements under HUD regulations for the CDBG program and under other laws and regulations applicable to loans of such federal funds, including without limitation those cited in this Section 5.7, with all of the provisions below. However, the following shall not be effective with respect to Obligor prior to December 17, 2015, but shall be effective thereafter:

(a) Benefit to Low- and Moderate Income Individuals. Loan funds shall be used to make an equity investment in the CDE and the CDE shall make a loan in an amount equal to the principal amount of the Loan. Use of funds shall satisfy the CDBG national objective of benefit to low- and moderate-income individuals (as defined by HUD for CDBG purposes) and the eligible activity criteria of acquisition under 24 CFR 570.703(i)(1) and 570.203(a) as a special economic development activity.

The Project is intended to result in the creation of at least sixty (60) new permanent jobs (full-time equivalent) at the Property. The Project is located in a census block group having a

poverty rate of at least 20% and is not located within the County's central business district. As such, all jobs created for the Project will be presumed to benefit low- and moderate-income individuals, pursuant to Section 570.208(a)(4)(iv) and (v).

(b) Nondiscrimination. No person shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds. All requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d *et seq.*, which provides that no person in the United States shall on the ground of race, color or national origin, be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance; and HUD regulations implementing such requirements, 24 C.F.R. Part 1 shall be complied with fully.

All of the requirements and prohibitions of 24 C.F.R. Section 570.602, implementing the nondiscrimination requirements of Section 109 of the Housing and Community Development Act of 1974, as amended; those of the Americans with Disabilities Act, and regulations at 28 C.F.R. Parts 35 and 36 there under; those of HUD regulations under the Age Discrimination Act of 1975, 42 U.S.C. Section 6101 *et seq.*, at 24 C.F.R. Part 146; and those of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), and implementing regulations at 24 C.F.R. Part 8 shall be complied with. The covenant required by 24 C.F.R. Section 8.50 with regard to compliance with regulations under Section 504 of the Rehabilitation Act of 1973 shall be included in any instrument effecting or recording any transfer of its interest in the Property.

There shall be an assurance of compliance with Executive Order 11246, entitled "Equal Opportunity", as amended, and the regulations issued pursuant thereto, 41 C.F.R. Part 60, which provide that no person shall be discriminated against because of race, color, religion, sex or national origin in all phases of employment during the performance of federal contracts and subcontracts, and affirmative action to ensure fair treatment in employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training or apprenticeship shall be taken. The "equal opportunity clause" set forth in 41 C.F.R. Section 60-1.4(a) is hereby incorporated by reference as though fully set forth, with QALICB as "Contractor" there under. The appropriate "equal opportunity clause" shall be caused to be set forth in each "federally assisted construction contract" (as defined in 41 CFR Section 60-1.3, including subcontracts) for the Project, except as expressly exempted under 41 C.F.R. Part 60.

No otherwise qualified handicapped individual in the United States shall, solely by reason of handicap, be excluded from the participation in, be denied the benefits, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

(c) Conflict of Interest. There shall be compliance with the provisions of 24 CFR Section 570.611, which provide generally that no officer, agent, employee, consultant or elected or appointed official of King County, or of a designated public agency, or of any subrecipient receiving CDBG funds, who exercises or has exercised any functions or

responsibilities with respect to activities assisted by CDBG funds or who is in a position to participate in a decision-making process or gain inside information with respect to these activities, shall obtain any financial interest or benefit from, or have any financial interest in, the activity funded under this Loan Agreement or any contract or subcontract or agreement with respect thereto or the proceeds thereof, for himself or herself or those with whom he or she has business or immediate family ties; nor shall (s)he for one year after completion of his or her tenure with the County or such subrecipient obtain or have any such financial interest or benefit. A provision prohibiting any conflict of interest prohibited by this subsection shall be incorporated in all such contracts or subcontracts.

(d) Debarred Contractors. No portion of the Loan shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund, any contractor or subrecipient during any period of debarment, suspension, or placement in ineligibility status of such contractor or subrecipient under the provisions of 24 C.F.R. Part 24. Obligor represents and warrants that neither Obligor nor its principals is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs under such regulations or Executive Order 12549, "Debarment and Suspension." Obligor shall require or cause CDE to require QALICB to require contractors and subcontractors to obtain, the certification required by appendix B of 24 CFR part 24 from each prospective contractor or subcontractor on the Project.

(e) Lobbying. Obligor shall certify and agree, and if the Loan is assumed by QALICB or an affiliate thereof, Obligor hereby certifies and agrees as follows, in accordance with 31 U.S.C. Section 1352, to the best of its knowledge and belief:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of Obligor, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal loan, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

(3) Obligor shall require or cause CDE to require QALICB to require that the language of this Section be included in the award documents for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is made a prerequisite for making or entering into this transaction by section 1352, title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(f) Davis-Bacon and Related Acts. Obligor shall comply or cause CDE to require QALICB to comply with any and all applicable requirements of the Davis-Bacon Act and related acts. These requirements include, but are not limited to: language within each contract for construction work; payment of prevailing wages and fringe benefits; the submittal of various documents as evidence of compliance; withholding of funds; equal employment opportunity; and work hours.

The requirements are defined in the: Davis-Bacon Act, 40 U.S.C. Section 276(a) *et seq.*; Contract Work Hours and Safety Standards Act, 40 U.S.C. Section 328 *et seq.*; Copeland Act (Anti-Kickback Act), 18 U.S.C. Section 874; the Fair Labor Standards Act, and regulations under such Acts, including 29 C.F.R. Parts 3 and 5. If under other applicable law or any other agreement with respect to the Project, minimum levels of wages or benefits are required, then there shall be compliance ensured with such levels, and if both Davis-Bacon Act requirements and any other such requirements shall apply, then there shall be compliance ensured with higher of the applicable levels.

(g) Economic Opportunities for Low- and Very Low-Income Persons. There shall be compliance with, and Obligor shall cause CDE to require QALICB to require that all contractors and subcontractors comply with, any and all applicable provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, the purpose of which is to ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. There shall be compliance with and all contractors and subcontractors shall be required to comply, with all applicable provisions of regulations issued pursuant thereto by the Secretary of HUD and set forth in 24 C.F.R. Part 135, and with all applicable rules and orders of HUD issued thereunder.

(h) Relocation and Acquisition. If applicable, Obligor shall obtain or cause CDE to require QALICB to obtain a representation, warranty and agreement that no residential tenants have been or will be displaced in connection with the Project and all reasonable steps shall be taken to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project. If there is an acquisition or an agreement to acquire real property for the Project, then there shall be a representation and warranty that prior to making an offer for such property, (1) the owner shall be clearly advised in writing that the power of eminent domain was lacking and therefore there would be no power to acquire the property in the event negotiations failed to reach an amicable agreement, and (2) the owner shall be informed in writing of what was believed to be the fair market value of the Property. If applicable, Obligor shall or shall cause CDE to require QALICB to obtain a representation and

warranty to provide to County a complete and accurate list of all occupants of the Property as of the date that site control was obtained, and a complete and accurate list of all persons occupying the Property at any time after site control and through the date of full occupancy after Project completion shall be provided. There shall be full compliance, at QALICB's or Obligor's sole expense, as applicable, with the County's Residential Anti-displacement and Relocation Assistance Plan ("RARAP"). If the Project involves the temporary and/or permanent displacement of persons, Obligor shall or shall cause CDE to require QALICB to obtain a representation, warranty and agreement that there shall be provided, at a minimum, all relocation assistance required by 24 CFR Section 42; the federal Uniform Relocation Act and regulations there under, 49 CFR Part 24; 24 CFR Section 570.606 and any other applicable federal laws or regulations, and maintained complete and accurate records demonstrating such compliance. There shall be agreement that any determination by County of the amount of relocation assistance due to any person shall be final and binding, unless a different determination is made by HUD at the request of such person, in which case the HUD determination shall be final and binding. There shall be a representation and warranty that, except as expressly stated in a relocation plan submitted to County in connection with the Project, no residential tenants have been required to vacate or will be required to vacate the Property permanently because of the Project. The terms of any relocation plan approved by County shall be carried out, but the terms of any such plan shall not limit QALICB's obligations under its loan agreement with the CDE or Obligor's obligations under this Loan Agreement, as applicable, or applicable laws or regulations, and no such approval by County shall be construed as a waiver or modification of any requirement of such agreements or applicable laws or regulations.

(i) Architectural Barriers. Obligor shall or shall cause CDE to require QALICB to provide assurance that the Property, upon completion of the Project, shall comply with the applicable requirements of the Architectural Barriers Act of 1968 (see 42 U.S.C. Sections 4151-57), and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 CFR part 40 for residential structures, and Appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

(j) Flood Insurance Protection. If the Property is in a special flood hazard area as identified by the Federal Emergency Management Agency, then there shall be a representation, warranty and agreement that flood insurance is and shall remain in effect, at QALICB's expense or, if the Loan is assumed by QALICB, at Obligor's expense, as applicable, in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001), so long as any amount is outstanding on the Obligor Note.

(k) Records. If the Loan is assumed by QALICB or an affiliate thereof, Obligor shall maintain and make available to the County and HUD all records reasonably required to demonstrate compliance with all of the requirements of this Agreement, for at least four (4) years after full repayment of the Loan.

(l) Disclosures. Obligor represents, warrants and agrees that it has provided or CDE has required QALICB to provide to the County any and all disclosures required by the HUD Reform Act, 42 U.S.C. Section 3545, and regulations there under, 24 CFR Part 4; that the

relevant party will provide timely updated disclosures to the County to the extent required by such act and regulations; and that all such disclosures are and shall be complete and accurate.

(m) Prior Actions. Obligor represents and warrants that in all actions by the CDE related to the Project to date, CDE and each of its affiliates involved in the financing of the Project, has complied with all requirements referred to in this Section 5.7.

(n) Indemnity. Obligor shall indemnify and hold harmless the County from any loss, damage, expense, claim or demand resulting from Obligor's or CDE's failure to comply with any federal requirement to be complied with pursuant to this Agreement or failure to maintain adequate records to demonstrate such compliance. This provision shall survive expiration of this Agreement, but no member or non-member manager of Obligor shall have any obligation at any time under this provision.

5.8 Reports. If the Loan is assumed by QALICB or an affiliate thereof, Obligor shall deliver to the County reports and information as County may require for purposes of monitoring and evaluating the performance of the Obligor, which may include copies of tenant certifications, rent rolls, leases, property management agreements and any other contracts affecting the Property.

5.9 Liens or Claims of Liens.

a. Obligor shall keep the Collateral free from liens and encumbrances of all kinds, except for those permitted pursuant to Section 2.4 above.

b. If the Loan is assumed by QALICB or an affiliate thereof, Obligor shall keep the Property free from liens and encumbrances of all kinds, except for those permitted pursuant to Section 2.4 above. If any claims of lien shall be asserted against the Property other than as permitted by this Section, Obligor, regardless of any action that County may otherwise be authorized to take, shall obtain a release and satisfaction of such lien claim, bond the lien claim, procure title insurance satisfactory to County protecting County from any loss relating to such lien claim, or otherwise provide to County assurances and security satisfactory to County that the lien claim will be paid or satisfied not later than ten (10) days after a judgment on the lien claim. Provided Obligor complies with the previous sentence, Obligor may in good faith contest any worker's or material supplier's lien in legal proceedings that will prevent enforcement of the lien claim and prevent foreclosure of the Property. If such a lien claim is not released or satisfied or a bond or other security satisfactory to County provided within forty-five (45) days of written request from County to Obligor, then the failure to do so shall allow the County to declare an Event of Default (as defined in Section 6.1 below).

5.10 Political Activity. No portion of the Loan shall be used for any political activity or to further the election or defeat of any candidate for public office or to influence the approval or defeat of any ballot issue or legislation.

5.11 Further Actions. Obligor will at any time and from time to time upon request of County take or cause to be taken any action, execute, acknowledge, deliver or record any further

documents, opinions, or other instruments or obtain such additional insurance as County is required to do or obtain by HUD or other federal, state or county regulatory agency.

5.12 Other Agreements. Obligor shall fully comply in a timely manner with all other agreements for the funding of the Loan. Nothing in this Section shall be construed to waive, or excuse noncompliance with, and provisions of this Agreement or any applicable County ordinances or permits.

5.13 Payment of Compensation of Custodian. Obligor shall be responsible for and pay its pro rata portion of the fees of the Custodian as provided under the Custodial Agreement. The Custodian's acceptance fee, prorated first annual fee and counsel fees and expenses shall be disbursed to Custodian from the HUD Loan proceeds at the time of initial Loan disbursement. Thereafter, Obligor shall ensure that the Custodian's fees and expenses are paid pursuant to Section 1.6 of this Agreement.

5.14 Payment of Other Indebtedness. Obligor shall timely pay the principal, interest and all other amounts due on any other indebtedness or liability now or hereafter owing by the Obligor to any person and secured by the Collateral; provided, that nothing in this Section shall authorize Obligor to make any payment from any funds or assets pledged to the County hereunder.

5.15 Transfer of Property. Obligor shall not cause or permit any transfer of the Collateral or any interest of Obligor therein, voluntary or involuntary, without the advance written consent of the County. If the Loan is assumed by QALICB or an affiliate thereof, Obligor shall not cause or permit any transfer of the Property or any interest of Obligor therein, voluntary or involuntary, without the advance written consent of the County, except for the creation of liens, encumbrances or leases that are expressly permitted under the Loan Documents without the County's consent.

ARTICLE VI – DEFAULT AND REMEDIES

6.1 Events of Default. Upon the occurrence of any of the following events and prior to the complete cure thereof by Obligor in a manner satisfactory to the County, the County shall have the right to declare an Event of Default hereunder, without notice or demand by County, except as expressly provided in this Section:

(a) Any failure to pay when due any deposit into the Loan Repayment Account in respect of principal or interest on the Obligor Note;

(b) Any failure to make a payment or deposit of money required by any of the Loan Documents, other than amounts referred to in Section 6.1(a) above, that is not cured within ten (10) days of the due date of such payment or deposit (or within ten (10) days of demand in case of amounts due on demand);

(c) Any transfer of the Collateral or, if the Loan is assumed by QALICB or an affiliate thereof, the Property or any interest therein, voluntary or involuntary, contrary to Section 5.15 of this Loan Agreement;

(d) Any failure to comply with the terms of Section 5.9 of this Loan Agreement (relating to lien claims) within the time period permitted by such Section;

(e) Any breach or nonperformance by Obligor of any provision of any of the Loan Documents not included within any of Subsections (a)-(d) above that is not cured within sixty (60) days after notice to Obligor of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Loan Document; provided, however, that unless HUD shall otherwise require, if (1) such breach or nonperformance is susceptible to cure but cannot reasonably be cured within such cure period, (2) Obligor shall commence to cure such breach or nonperformance within such cure period and shall thereafter diligently and expeditiously proceed to cure the same, and (3) Obligor shall inform the County in writing of the status of the cure at the expiration of such cure period and every thirty days thereafter, then such cure period may be extended in the sole discretion of the BRED Director for such time as the BRED Director determines is reasonably necessary for Obligor to cure such breach or nonperformance;

(f) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Obligor's property is filed by Obligor, or is filed against Obligor and is not dismissed within ninety (90) days, or if Obligor makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Obligor and is not discharged within ninety (90) days, or if any law or court order shall require the County, Custodian or any other party to refund or otherwise relinquish any portion of any amount paid under the Obligor Note or this Agreement as a preference or for any other reason except refund of duplicative payment;

(g) Any representation, warranty or disclosure made to County by Obligor, or contained in any information submitted by Obligor to County or to any government agency in connection with the Loan, proves to be materially false or misleading as of the date when made or reaffirmed, whether or not such representation or disclosure appears in this Agreement.

6.2 Declaration of Event of Default. County's declaration of an Event of Default hereunder shall be made by notice to Obligor pursuant to Section 7.15 of this Agreement and shall be effective as provided therein.

6.3 Remedies.

(a) Upon declaring an Event of Default, County may, in addition to any other remedies which County may have hereunder or under the Loan Documents or by law, at its option and without prior demand or notice take any or all of the following actions:

(1) Immediately terminate any further advances of Loan funds hereunder and revoke any instructions to any third party holding any such funds;

(2) Declare the Loan immediately due and payable in full;

(3) If the Loan is assumed by QALICB or an affiliate thereof, demand foreclosure under the Deed of Trust held by the CDE, judicially or nonjudicially;

(4) Apply any or all funds in the Reserve Accounts to amounts due under the Loan Documents, whether by reason of acceleration or otherwise, and cause investments in such accounts to be liquidated for such purpose;

(5) Proceed to enforce the Security Agreement and apply or realize on any other collateral or security;

(6) Set off any amounts then owing from the County to Obligor;

(7) Give notice to any person owing any obligation to the Obligor that has been assigned as security for the Loan, that further payments are to be made to the County; and

(8) Seek judicial appointment of a receiver.

(b) All remedies of County provided for herein and in any other Loan Documents are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by County hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice County in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, County realizes all amounts owed to it under such Loan Documents.

6.4 No Default Prior to Declaration. No default or Event of Default shall exist under this Agreement or the Obligor Note until the same shall have been declared by the County or other party authorized to make such declaration; provided, that failure to declare, or delay in declaring, a default hereunder shall not constitute a waiver of any rights or remedies or excuse any failure by Obligor to strictly comply with its obligations under all of the Loan Documents.

ARTICLE VII – MISCELLANEOUS

7.1 No Waiver. No waiver of any noncompliance or breach by Obligor hereunder shall be implied from any failure by County to take action on account of such noncompliance or breach, and no express waiver shall affect any breach or noncompliance other than as specified in the waiver. Any waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by County to, or of, any act by Obligor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

7.2 Successors and Assigns; Delegation to Custodian; Changes in Custodian and Custodial Agreement. This Agreement is made and entered into for the sole protection and benefit

of County, HUD, and Obligor, their successors and assigns, and no other person or persons shall have any right of action hereunder. The terms hereof shall inure to the benefit of the successors and assigns of the parties hereto; provided, however, that the Obligor's interest hereunder cannot be assigned or otherwise transferred other than to QALICB without the prior written consent of County. Obligor acknowledges and agrees that County may assign to HUD or any custodian or trustee for HUD any or all of County's rights under this Agreement and any of the Loan Documents and may direct that any payment or performance be provided directly to HUD or such custodian or trustee, whether or not the Obligor Note or this Agreement have been assigned. Obligor agrees that County may delegate to the Custodian the right to make demands and give directions on behalf of County under the Loan Documents, but that the scope of any such delegation shall be strictly limited to the terms of a written instrument duly signed on behalf of the County. Obligor further acknowledges that the Custodial Agreement may be modified or terminated, or a substitute Custodial Agreement executed, or a successor Custodian appointed, in each case without the consent of Obligor so long as the obligations of Obligor are not increased and the rights of the Obligor under the Loan Documents are not adversely affected in any material respect. Except for minor modifications to the Custodial Agreement not affecting Obligor, County agrees to give reasonable advance notice to the Obligor of any action as described in the preceding sentence, and agrees in each case to provide a copy of any modification or substitute Custodial Agreement to Obligor within fifteen (15) days after the execution thereof.

7.3 No Defense Based on County Regulatory Actions. If the Loan is assumed by QALICB or an affiliate thereof, Obligor understands that (a) the operations of Obligor in the Property and elsewhere are subject to numerous laws, regulations, ordinances and permits, including those of County and other governmental bodies relating to land use, environmental hazards, and other regulatory matters, and (b) the modification, interpretation, application, or revocation of such laws, regulations, rules or permits could adversely affect economic return to Obligor from the Property. Obligor has conducted its own investigation and relied on the advice of its own counsel and experts as to all such matters in connection with Obligor's acquisition of the Property. Obligor acknowledges that by entering into this Agreement the County does not make, and that the County expressly disclaims, any representation or assurance whatever as to (1) the present or future status of the Property or the uses thereof under applicable laws or regulations, including those of the County; or (2) the availability, issuance or continuation of any permits, approvals, or interpretations of any kind that may be required or desired by Obligor or any other party in connection with the Property. Obligor agrees that notwithstanding any regulatory action or omission of County affecting Obligor or affecting the use or development of the Property (whether or not such action or omission shall be determined to be consistent with applicable law in any proceeding), no defense, offset or reduction of liability shall be available to Obligor, at law or in equity.

7.4 Time. Time is of the essence of all provisions of the Loan Documents.

7.5 Entire Agreement; Amendments. This Agreement, the other Loan Documents, and the documents, laws and regulations incorporated by reference herein constitute the entire agreement of the parties hereto with respect to the Loan and supersede any prior agreements or understandings, written or oral, with respect to the Loan. Obligor is not relying upon any promises,

representations or understandings, written or oral, in entering into the Loan Documents, other than as expressly set forth in the Loan Documents. The obligations of Obligor under the Loan Documents are not conditioned upon, and shall not be affected by, any other agreement, understanding, performance or nonperformance by the County or any other party, and in any proceeding to enforce any of Obligor's obligations under the Loan Documents, Obligor shall not be entitled to assert, by way of excuse, offset, counterclaim, grounds for equitable relief, or otherwise, any actual or alleged action or inaction by or on behalf of the County except to the extent that any such action or inaction is expressly required of the County by, and is made a condition of Obligor's obligation by, the Loan Documents. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by a duly authorized officer of County and by Obligor, and no such writing shall be construed to modify, waive, or affect the terms of the Loan Documents except to the extent that such document expressly so provides.

7.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

7.7 Number and Gender; Joint and Several Obligations. When the context in which the words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances. If Obligor comprises more than one person or entity, then each such person or entity shall be bound jointly and severally by this Agreement and the Loan Documents except to the extent otherwise expressly provided therein.

7.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and King County, except to the extent federal law applies.

7.10 Survival. All agreements, representations and warranties made herein and in the Obligor Note shall survive the execution and delivery of this Agreement and of the Loan Documents and the making of the Loan hereunder and continue in full force and effect until the obligations of Obligor hereunder and the indebtedness evidenced by the Obligor Note have been fully paid and satisfied, and thereafter to the extent provided in the Loan Documents, regardless of whether the Obligor Note is surrendered or marked as canceled or paid in full.

7.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.

7.12 Attorney's Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorney's fees as determined by the court.

7.13 Duplicate Originals; Counterparts. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original. Each original shall constitute one and the same agreement. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original.

7.14 Construction. The Loan Documents shall be construed so as to conform to the requirements of the HUD Contract and applicable federal laws and regulations. The Loan Documents are the product of negotiation between the parties and therefore shall not be construed strictly in favor of, or against, either party except as may be specifically provided in the Loan Documents with respect to particular provisions thereof.

7.15 Notices; Administration by County. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service, by facsimile transmission, or by first class mail. The addresses may be changed by notice to the other party given in the same manner as provided above. Notices personally served or sent by facsimile shall be effective when actually received during normal business hours, and otherwise on the following Business Day. If notice is given by mail, it shall be deemed received on the earlier of: (i) if by certified mail, the date of receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Obligor:	White Center Square Investment Fund, LLC
With copies to:	U.S. Bancorp Community Development Corporation c/o U.S. Bancorp Community Development Corporation Asset Management SL-MO-RMCD 1307 Washington Avenue, Suite 300 St. Louis, Missouri 63103 Attention: Director of Asset Management Facsimile: (314) 335-2601

And to:

And to:

If to County: Ray Moser
 Business Relations and Economic Development Section of
 the Office of Strategic Planning and Performance
 Management Division
 King County
 P.O. Box 94708
 Seattle, Washington 98124-4708
 Attn: Director
 fax: (206) 684-0379

and to: Peggy Pahl, Senior Deputy Prosecuting Attorney
 King County Prosecuting Attorney's Office
 Civil Division, County Services Section

W-400 King County Courthouse
 516 Third Avenue
 Seattle, WA 98104

Unless the County otherwise notifies Obligor, in writing, the BRED shall be responsible for ensuring performance of the obligations of the County under this Agreement and the other Loan Documents, and for oversight of performance of such agreements by Obligor, and references hereinafter made to the County shall be deemed to mean the County, acting through BRED.

7.16 Additional Terms and Conditions The terms of this Section are intended to be in addition to, and not in substitution for, the terms and conditions set forth above, but in case of any irreconcilable conflict, the terms of this Section shall control. The inability of Obligor to satisfy any condition below for any reason shall not excuse any failure to comply in a timely manner with any other provision hereof. All provisions and conditions in this Section, and all other conditions to disbursement set forth in this Agreement, are for the benefit only of the County (and where applicable, HUD) and may be waived in whole or in part by the BRED Director in his or her discretion, but no waiver shall be valid unless in writing signed by the BRED Director.

7.17 Forbearance Notwithstanding any provision of this Agreement or any other Loan Document, County agrees to forbear from (a) accelerating the payment in full of all of Obligor's obligations to County under the Obligor Note; (b) filing or participating in the filing of any involuntary bankruptcy proceeding of Obligor; (c) instituting a lien enforcement action to enforce its rights and remedies under the Loan Documents, including, without limitation, the Security Agreement, until the Forbearance Termination Date; or (d) imposing upon or collecting from Obligor any fees, unless:

(a) any fraud or any material misrepresentation by Obligor, the CDE, their affiliates or any officer, director, partner, member or employee of Obligor, the CDE or their affiliates, in connection with the application for or creation of the Loan or any request for any action or consent by County in the future;

(b) the Loan is in default because Obligor has intentionally or willfully failed to apply distributions received from the CDE to make payments when due under the Loan.

The earlier to occur of (i) the expiration of the NMTC Compliance Period or (ii) any of the events listed in (a) through (b) above is hereafter referred to as the "Forbearance Termination Date." The "NMTC Compliance Period" means a period of seven (7) years from the date on which capital contributions are contributed to the CDE, provided that such period shall end immediately upon the date the CDE's member or the manager is required to recapture all or any part of the tax credits previously claimed by such member or manager under Section 45D of the Code. On and after the Forbearance Termination Date, County shall be free, in its sole and absolute discretion, to accelerate the payment in full of all of Obligor's obligations to County under the Obligor Note, in accordance with the terms of the Loan Agreement, and to institute proceedings to enforce its rights and remedies under the Loan Documents and/or as provided by applicable law. All of (i) Obligor's obligations and liabilities to County hereunder (including, without limitation, Obligor's payment obligations) and (ii) the documents, instruments or agreements pursuant to which Obligor may, from time to time, grant to County as collateral security in connection with Obligor's obligations to County, shall survive the Forbearance Termination Date. Within one month of the occurrence of the Forbearance Termination Date, Obligor shall send notice to County that this date has passed.

**[Remainder of this page intentionally left
blank; signature page follows]**

IN WITNESS WHEREOF, Obligor and County have executed this Agreement as of the date first written above by and through their duly authorized representatives.

COUNTY:
KING COUNTY, a
Washington municipal corporation

By: _____
Ron Sims, County Executive or
Ray Moser
Director of Business Relations and Economic
Development Section of the Office of Strategic Planning and
Performance Management Division

OBLIGOR:
WHITE CENTER INVESTMENT FUND, LLC , a
Delaware limited liability company

By: _____
Name: _____
Title: Authorized Signatory

- Attachment A Legal Description for Property
- Attachment B Description of Project
- Attachment C Form of Obligor Note
- Exhibit 1: Schedule of Obligor Note Payment Dates
- Exhibit 2: County Note

ATTACHMENT A

LEGAL DESCRIPTION FOR PROPERTY

ATTACHMENT B

DESCRIPTION OF PROJECT**Description of Project**

The proceeds of the Loan will be used along with private equity to develop a multi-tenant retail/office plaza with surface parking. The Project is in the White Center community of unincorporated King County on the corner of 100th Street SW and 15th Avenue SW. The lot is within the White Center Special District Overlay area and the zoning is Commercial Business. The Project is located in Census Tract 265, Block Group 4.

The total project cost is \$10,914,907. The Project will contain the following elements:

- 26,523 net rentable square feet of space on one level.
- The development will consist of two separate structures, an L shape east building and a rectangular west building.
- In between the two buildings will be surface parking for approximately 58 cars.
- The east building will contain a 15,839 square foot Asian grocery and 6,455 sq ft of small retail shops.
- The west building will contain 4,229 sq ft of retail space designed for 4 shops.

Approximately 80% of the total space has been pre-leased. The developers will occupy the largest retail space and operate the Hung Long Asian Market. They will also operate a Vietnamese noodle shop in two of the small retail spaces in the east building. The remaining retail spaces in the project have been preleased to a real estate investment advisor, an accountant / bookkeeper and a teriyaki shop. The developers are working with their contacts in the Asian-American business community and White Center organizations to market the remaining spaces. Possible tenants include professional services, travel agency, restaurants and food related businesses. All of these types of businesses would provide much needed services to the surrounding residential neighborhoods.

The borrowing entity will be:

Vongs LLC
3112 Main Avenue South
Renton, WA 98055

ATTACHMENT C

FORM OF OBLIGOR NOTE

VARIABLE/FIXED RATE PROMISSORY NOTE

Exhibit 1 to Obligor Note

Principal repayment schedule.

Add repayment schedule

Proposed Ord. 2009-0193, Attachment D, dated March 30, 2009

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (the "Agreement"), dated as of December 17, 2008, is entered into by and between WHITE CENTER INVESTMENT FUND, LLC, a Delaware limited liability company ("Obligor"), and KING COUNTY, a Washington municipal corporation ("Lender").

WITNESSETH:

WHEREAS, Obligor has executed and delivered to Lender that certain Promissory Note of even date herewith in the original principal amount of up to Six Million Two Hundred Fifty Thousand and No/100 Dollars (\$6,250,000.00), which Obligor Note evidences the term loan being made by Lender to Obligor (the Obligor "Loan");

WHEREAS, in connection with the Obligor Loan, Obligor and Lender have entered into that certain Loan Agreement of even date herewith (the "Obligor Loan Agreement");

WHEREAS, Obligor is the record and beneficial owner of a 99.99% interest in NDC NEW MARKETS INVESTMENTS XXXVIII, , LLC, a Delaware limited liability company ("CDE") (the "Pledged Securities"); and

WHEREAS, in connection with the making of the Obligor Loan and as security for the payment and performance of Obligor's obligations in connection with the Obligor Loan and the Obligor Loan Documents (the "Obligations"), Lender is requiring that Obligor execute and deliver this Agreement and grant the security interest contemplated hereby.

NOW, THEREFORE, in consideration of the promises and the covenants hereinafter contained, and to induce Lender to make the Obligor Loan, it is agreed as follows:

(1) Definitions.

(a) "Securities Act" means the Securities Act of 1933 (as amended from time to time).

Capitalized terms not otherwise defined herein shall have the meanings set forth in, and the interpretations applicable thereto under, the Obligor Loan Agreement. The meanings given to terms in the Obligor Loan Agreement shall be equally applicable to both the singular and plural forms of such terms. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, schedule and exhibit references are to this Agreement unless otherwise specified.

(2) Pledge. Obligor hereby pledges to Lender and grants to Lender, a security interest in all of the following now owned or hereafter acquired (collectively, the "Pledged Collateral"):

ATTACHMENT D, DATED MARCH 30, 2009

- (a) the Pledged Securities and the certificates and other instruments or agreements representing or evidencing its Pledged Securities, if any, and all dividends, distributions, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of its Pledged Securities;
 - (b) all rights and privileges of Obligor with respect to the securities and assets referred to in clause (a) above; and
 - (c) all proceeds of any of the foregoing.
- (3) Security for the Obligations. This Agreement secures, and the Pledged Collateral is security for, the prompt payment and performance of the Obligations. Except as provided in Section 7 hereof, by executing this Agreement, Obligor has divested itself of all control over the Pledged Collateral, and Lender is entitled to and does possess sole dominion and control over the Pledged Collateral and is entitled to receive the benefits accruing with respect thereto, in accordance with the provisions of this Agreement. Obligor surrenders all authority or right to withdraw, collect, receive the benefits of, or otherwise assign or encumber the Pledged Collateral. The assignment evidenced by this Agreement is a continuing one and is irrevocable so long as any of the Obligations are outstanding or Obligor shall have any obligations under the Note or the Obligor Loan Agreement and shall terminate only upon payment or other satisfaction in full of all Obligations or Lender's acknowledgment in writing that this Agreement has been terminated.
- (4) Delivery of Pledged Collateral. All certificates or other instruments, if any, representing or evidencing the Pledged Collateral shall be delivered to Lender, shall be accompanied by duly executed instruments of transfer or assignment in blank, including a duly executed assignment in blank, substantially in the form attached hereto as Exhibit A, all in form and substance satisfactory to Lender. Subject to Section 7.17 of the Obligor Loan Agreement, Lender shall have the right, at any time after the occurrence and during the continuance of an Event of Default hereunder, in its discretion and without notice to Obligor, to transfer to or to register in the name of Lender, any or all of the Pledged Collateral.
- (5) Representations and Warranties. Obligor represents and warrants to Lender that as of the date hereof:
- (a) Obligor is duly organized or formed, validly existing and in good standing under the laws of the State of Delaware, has the legal power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted. Obligor is duly qualified and authorized to do business in each jurisdiction in which failure to be so qualified and authorized would have a Material Adverse Effect.
 - (b) Obligor is, and at the time of delivery of the Pledged Collateral to Lender pursuant to Section 4 hereof will be, the sole holder of record and the sole beneficial owner of the Pledged Collateral, free and clear of any lien, charge or encumbrance thereon or affecting the title thereto, except for the security interests created by this Agreement, by the second position security interest ("Subordinate Pledge") created by the Fund Pledge Agreement by and between Obligor and Vong Brothers, LLC of even date herewith ("Subordinate Pledge Agreement") and by that short term security interest created by that Pledge Agreement by and between Obligor and [NCB/ODFC] of even date herewith ("Bridge Loan Pledge Agreement").

(c) The Pledged Securities pledged hereunder constitute the percentage of all of the issued and outstanding equity interests of the CDE set forth on Exhibit B attached hereto. All of the Pledged Securities have been duly authorized and validly issued.

(d) Obligor has the right and requisite authority to pledge the Pledged Collateral to Lender, as provided herein.

(e) To the best of Obligor's knowledge, information or belief, none of the Pledged Securities has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject. To the best of Obligor's knowledge, Obligor's execution, delivery and performance of this Agreement and the pledge of the Pledged Collateral hereunder do not, directly or indirectly, violate in any material respect or result in a violation of any such laws.

(f) The only assets of Obligor are the Pledged Collateral. The Fund has no indebtedness other than the Obligor Loan, that certain loan made by Vong Brothers, LLC in the initial principal amount of \$___ and that certain bridge loan made by [ODFC, LLC/NCB] in the amount of \$_____.

(g) None of the Pledged Securities is, as of the date of this Agreement, margin stock, and Obligor shall, promptly after learning thereof, notify Lender of any of its Pledged Securities which is or becomes margin stock and execute and deliver in favor of Lender any and all instruments, documents and agreements (including, but not limited to Forms U-1) necessary to cause the pledge of such margin stock to comply with all applicable laws, rules and regulations.

(h) To the best of Obligor's knowledge, information and belief, no consent, approval, authorization or other order of any Person and no consent, authorization, approval, or other action by, and no notice to or filing with, any governmental departments, commissions, boards, bureaus, agencies or other instrumentalities, domestic or foreign, is required to be made or obtained by Obligor either (i) for the pledge of its Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by Obligor, or (ii) for the exercise by Lender of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement.

(i) To the best of Obligor's knowledge, information and belief, the pledge of the Pledged Collateral to Lender pursuant to this Agreement will create a valid first lien on and a perfected security interest in the Pledged Collateral pledged by Obligor, and the proceeds thereof, securing the payment of the Obligations, subject to no other lien, charge, encumbrance or security interest.

(j) This Agreement has been duly authorized, executed and delivered by Obligor and constitutes the legal, valid and binding obligation of Obligor enforceable in accordance with its terms.

(k)

The representations and warranties set forth in this Section 5 shall survive the execution and delivery of this Agreement.

(6) Covenants. Obligor covenants and agrees that until the payment in full of the Obligations:

- (a) Obligor will not sell, assign, transfer, pledge, or otherwise encumber any of its rights in or to any Pledged Collateral or any dividends or other distributions or payments with respect thereto or grant a lien, charge, encumbrance or security interest on any thereof, except for the Junior Leverage Loan and for the Bridge Loan. Obligor will not issue any additional Interests in Obligor, whether certificated or uncertificated, to any Person without the prior, written consent of Lender in its sole discretion, and should any such Interest be granted or issued, the same shall immediately be and become subject to this Agreement and become Pledged Collateral, without further action of any Person.
- (b) Obligor will, at its expense, promptly execute, acknowledge and deliver all such instruments and take all such action as Lender from time to time may reasonably request in order to ensure to Lender the benefits of the liens and security interests in and to the Pledged Collateral intended to be created by this Agreement, including the delivery of all certificates and other documentation evidencing any of the Pledged Collateral. In connection therewith, Obligor hereby authorizes the filing of any necessary Uniform Commercial Code financing statements deemed reasonably necessary by Lender.
- (c) Obligor will defend the title to the Pledged Collateral and the liens of Lender, for the benefit of Lender against the claim of any Person and will maintain and preserve such liens until the payment in full of the Fund Obligations.
- (d) Subject to Section 7.17 of the Loan Agreement, Obligor hereby consents to Lender's or its designee's right to become and be admitted as a member or partner, as applicable, of the CDE and to receive distributions and allocations from the CDE upon the exercise of Lender's rights hereunder without further action, approval or consent.
- (7) Obligor's Rights. As long as no Event of Default hereunder shall have occurred and be continuing, and until written notice shall be given to Obligor in accordance with Section 8 hereof:
- (a) Obligor shall have the right, from time to time, to vote and give consents with respect to the Pledged Collateral or any part thereof for all purposes not inconsistent with the provisions of this Agreement, the Loan Agreement, the Note and any other agreement; provided, however, that, no vote shall be cast, and no consent shall be given or action taken, which would authorize or effect (i) the dissolution or liquidation, in whole or in part, of the CDE, (ii) the consolidation or merger of the CDE with any other Person, (iii) the sale, disposition or encumbrance of all or substantially all of the assets of the CDE, (iv) any change in the authorized number of shares or Interests in the CDE, the stated capital or the authorized share capital of the CDE or the issuance of any additional interests in the CDE, (v) the alteration of the voting rights with respect to Obligor's interests in the CDE, or (vi) any amendment to the operating agreement of the CDE.
- (b) Obligor may receive cash, property distributions and/or allocations attributable to the Pledged Collateral and make distributions to its members of any amounts not needed to make payments on the Note which are then due and payable, provided if an Event of Default occurs under the Obligor Loan Documents, no further distributions may be made until such Event of Default is cured.
- (8) Defaults and Remedies.
- (a) Any one or more of the following events shall constitute a default by Obligor under this Agreement ("Event of Default"):

- (i) Any Event of Default (as such term is defined in the Loan Agreement) shall have occurred under the Loan Agreement;
- (ii) Breach of any representation or warranty contained in this Agreement.

(b) Subject to Section 7.17 of the Loan Agreement, upon the occurrence and during the continuation of an Event of Default hereunder, Lender is hereby authorized and empowered to do any and all of the following in a commercially reasonable manner: to transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Securities for certificates or instruments of smaller or larger denominations, to exercise the voting rights with respect thereto, to collect and receive all cash dividends and other distributions made thereon, to sell in one or more sales after ten (10) days' written notice is sent to Obligor of the time and place of any public sale or of the time after which a private sale is to take place (which notice Obligor agrees is commercially reasonable), but without any previous notice or advertisement, the whole or any part of the Pledged Collateral and to otherwise act with respect to the Pledged Collateral as though Lender were the out-right owner thereof; provided, however, Lender shall not have any duty to exercise any such right of sale or to preserve the same and shall not be liable for any failure to do so or for any delay in doing so. Any sale shall be made at a public or private sale at Lender's place of business, or at any public building to be named in the notice of sale, either for cash or upon credit or for future delivery at such price as Lender may deem fair and reasonable, and Lender may be the purchaser of the whole or any part of the Pledged Collateral so sold and hold the same thereafter in its own right free from any claim of Obligor or any right of redemption. Each sale shall be made to the highest bidder, but Lender reserves the right to reject any and all bids at such sale which, in its discretion, it shall deem inadequate. Demands of performance, notices of sale, advertisements and the presence of property at sale are hereby waived and any sale hereunder may be conducted by an auctioneer or any officer or agent of Lender.

(c) If, at the original time or times appointed for the sale of the whole or any part of the Pledged Collateral, the highest bid, if there be but one sale, shall be inadequate to discharge in full the defaulted Obligations or if the Pledged Collateral be offered for sale in lots, if at any of such sales, the highest bid for the lot offered for sale would indicate to Lender, in its discretion, the unlikelihood of the proceeds of the sales of the whole of the Pledged Collateral being sufficient to discharge all the defaulted Obligations, Lender may, on one or more occasions and in its discretion, postpone any of said sales by public announcement at the time of sale or the time of previous postponement of sale, and no other notice of such postponement or postponements of sale need be given, any other notice being hereby waived; provided, however, that any sale or sales made after such postponement shall be after ten (10) days' notice to Obligor.

(d) In the event of any sales hereunder, Lender shall, after deducting all reasonable costs or expenses of every kind (including reasonable attorneys' fees and disbursements) for care, safekeeping, collection, sale, delivery or otherwise, apply the residue of the proceeds of the sales to the payment or reduction, either in whole or in part, for the benefit of Lender, of the Obligations.

(e) In the event that it becomes necessary to comply with any Federal or State law or regulation or to make or file any registration thereunder in order for Lender to exercise any of its rights hereunder, Obligor expressly agrees to do or cause to be done all acts and prepare and execute all documents necessary to effect such compliance or registration, and to bear all reasonable costs in connection therewith. Obligor agrees to indemnify, defend and hold Lender

harmless for, from and against any claim or liability caused by (i) any omission or alleged omission to state a material fact required to be stated, or necessary to make the statements, in light of the circumstances in which they are made, not misleading (as required in any registration or prospectus) or (ii) a failure to register or comply with any such law or regulation, unless such failure is caused by Lender.

(f) If, at any time when Lender shall determine to exercise its right to sell the whole or any part of the Pledged Collateral hereunder, such Pledged Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act, Lender may, in its discretion (subject only to applicable requirements of law), sell such Pledged Collateral or part thereof by private sale in such manner and under such circumstances as is commercially reasonable and shall not be required to effect such registration or to cause the same to be effected; provided, however, that Lender agrees and causes any purchaser of Pledged Collateral to agree that Obligor shall (a) not be liable to any purchaser of Pledged Collateral for any action taken or omitted to be taken by Lender in connection with the sale of Pledged Collateral, or (b) be responsible in any manner to any purchaser of Pledged Collateral for any statement, representation or warranty made by Lender in connection with the sale of Pledged Collateral. Without limiting the generality of the foregoing, in any such event Lender in its discretion (i) may, in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Pledged Collateral or part thereof could be or shall have been filed under said Securities Act (or similar statute), (ii) may approach and negotiate with a single possible purchaser to effect such sale, and (iii) may restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Pledged Collateral or part thereof. In addition to a private sale as provided above in this Section 8, if any of the Pledged Collateral shall not be freely distributable to the public without registration under the Securities Act (or similar statute) at the time of any proposed sale pursuant to this Section 8, then Lender shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions (i) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale, (ii) as to the content of legends to be placed upon any certificates representing the Pledged Collateral sold in such sale, including restrictions on future transfer thereof, (iii) as to the representations required to be made by each Person bidding or purchasing at such sale relating to that Person's access to financial information about the CDE and such Person's intentions as to the holding of the Pledged Collateral so sold for investment, for its own account, and not with a view to the distribution thereof, and (iv) as to such other matters as Lender may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Uniform Commercial Code and other laws affecting the enforcement of creditors' rights and the Securities Act and all applicable state securities laws.

(g) Obligor recognizes that Lender may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof. Obligor also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale. Obligor agrees that such sale shall not be deemed to have been made in a commercially unreasonable manner because it was conducted as a private sale. Lender shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit the registrant to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if Obligor and the CDE would agree to do so.

(h) Obligor agrees, to the extent not prohibited by applicable law, that following the occurrence and during the continuance of an Event of Default hereunder, it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Agreement, or the absolute sale of the whole or any part of the Pledged Collateral or the possession thereof by any purchaser at any sale hereunder, and Obligor waives the benefit of all such laws to the extent not prohibited by applicable law. No failure or delay on the part of Lender to exercise any such right, power or remedy and no notice or demand which may be given to or made upon Lender with respect to any such remedies shall operate as a waiver thereof, or limit or impair Lender's right to take any action or to exercise any power or remedy hereunder, without notice or demand, or prejudice its rights as against Obligor.

(i) Obligor further agrees that a breach of any of the covenants contained in this Section 8 will cause irreparable injury to Lender, that Lender has no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in this Section 8 shall be specifically enforceable against Obligor, and Obligor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that Lender's rights are subject to Section 7.17 of the Loan Agreement or that any of the Obligations are not then due and payable in accordance with the agreements and instruments governing and evidencing such obligations.

The rights and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other rights or remedies available to Lender at law or equity. In exercising such rights and remedies, Lender may be selective, and no failure or delay by Lender in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

(9) Power of Attorney; Proxy. Subject to Section 7.17 of the Loan Agreement, upon and after an Event of Default hereunder and during its continuance, Obligor irrevocably designates, makes, constitutes and appoints Lender as its true and lawful attorney (and agent-in-fact) and Lender may, without notice to Obligor, and at such time or times thereafter as Lender, in its discretion, determines, in the name of Obligor or Lender, request that the CDE transfer any or all of the Pledged Collateral on the books of the CDE, with full power of substitution in the premises; endorse the name of Obligor upon any checks, notes, acceptance, money orders, certificates, drafts or other forms of payment of security that come into Lender's possession; and do all acts and things necessary, in Lender's discretion, to fulfill the obligations of Obligor under this Agreement. The appointment set forth herein is deemed to be coupled with an interest and therefore irrevocable.

(10) Waiver. No delay on Lender's part in exercising any power of sale, lien, option or other right hereunder, and no notice or demand which may be given to or made upon Obligor by Lender with respect to any power of sale, lien, option or other right hereunder, shall constitute a waiver thereof, or limit or impair Lender's right to take any action or to exercise any power of sale, lien, option, or any other right hereunder, without notice or demand, or prejudice Lender's rights as against Obligor in any respect.

(11) Termination. This Agreement shall terminate and be of no further force or effect at such time as the Obligations shall be paid and performed in full. Upon such payment and performance in full of the Obligations, Lender shall deliver to Obligor, the Pledged Collateral at the time subject to this Agreement and then in Lender's possession or control and all instruments of assignment executed in connection therewith, free and clear of the liens hereof and, except as otherwise provided herein, all of Obligor's obligations hereunder shall at such time terminate.

(12) Lien Absolute. All rights of Lender hereunder, and all obligations of Obligor hereunder, shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of the Note, or any other agreement or instrument governing or evidencing any Obligations or any of Obligor's obligations under the Note;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations or any of Obligor's obligations under the Note, or any other amendment or waiver of or any consent to any departure from the Note or any other agreement or instrument governing or evidencing any Obligations or any of Obligor's obligations under the Note;
- (c) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations or any of Obligor's obligations under the Note; or
- (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Obligor.

(13) Release. Except as provided for in the Note, Obligor hereby waives notice of acceptance of this Agreement, and also presentment, demand, protest and notice of dishonor of any and all of the Obligations or any of Obligor's obligations under the Note, and promptness in commencing suit against any party hereto or liable hereon, and in giving any notice to or of making any claim or demand hereunder upon Obligor. No act or omission of any kind on Lender's part shall in any event affect or impair this Agreement. Obligor consents and agrees that Lender may at any time, or from time to time, in its discretion:

- (a) renew, extend or change the time of payment, not including an acceleration of the payments thereunder, and/or the manner, place or terms of payment of all or any part of the Obligations; and
- (b) exchange, release and/or surrender all or any of the Pledged Collateral, or any part thereof, by whomsoever deposited, which is now or may hereafter be held by Lender in connection with all or any of the Obligations; all in such manner and upon such terms as Lender may deem proper, and without notice to or further assent from Obligor, it being hereby agreed that Obligor shall be and remain bound upon this Agreement, irrespective of the value or condition of any of the Pledged Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Note.

(14) Reinstatement. This Agreement shall remain in full force and effect and continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made.

(15) Miscellaneous. This Agreement shall be binding upon Obligor and its successors and assigns, and shall inure to the benefit of Lender, and be enforceable by, Lender and its successors and assigns. Lender may assign or otherwise transfer all or a portion of its rights and obligations under the Note to any assignee and such assignee shall thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise; provided, however, that such assignee shall in any event remain bound by

Section 7.17 of the Loan Agreement. None of the terms or provisions of this Agreement may be waived, altered, modified or amended except in writing duly signed for and on behalf of Lender and Obligor. Neither Lender, nor any of its respective officers, directors, employees, agents or counsel shall be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own negligence or misconduct; and any loss or damage incurred by Lender by reason of any act or omission performed or omitted by it in good faith, reasonably believed by it to be within the scope of the authority granted to it by this Agreement (but not, in any event, any loss or damage incurred by Lender by reason of gross negligence, willful misconduct or fraud with respect to such acts or omissions) shall be paid from Obligor's assets to the extent available. Time is of the essence in the performance of this Agreement, and each and every term thereof, by Obligor.

(16) Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or effect those portions of this Agreement which are valid.

(17) Notices. All notices and other communications provided to any party hereto under this Agreement shall be given in accordance with and at addresses set forth in the Loan Agreement.

(18) Section Titles. The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

(19) Counterparts. This Agreement may be executed in any number of counterparts, which shall, collectively and separately, constitute one agreement.

(20) SUBMISSION TO JURISDICTION. OBLIGOR HEREBY IRREVOCABLY CONSENTS TO THE NONEXCLUSIVE JURISDICTION AND VENUE OF ANY STATE COURT LOCATED WITHIN KING COUNTY, WASHINGTON OR FEDERAL COURT IN THE DISTRICT OF WASHINGTON, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY AND OTHERWISE ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY, AND OBLIGOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OR FEDERAL COURT. OBLIGOR WAIVES ANY OBJECTION TO ANY ACTION OR PROCEEDING IN ANY STATE COURT LOCATED WITHIN KING COUNTY, WASHINGTON OR FEDERAL COURT IN THE DISTRICT OF WASHINGTON, ON THE BASIS OF FORUM NON CONVENIENS. OBLIGOR HEREBY WAIVES PERSONAL SERVICE OF ANY PROCESS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING AND AGREES THAT THE SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO OBLIGOR AT THE ADDRESS SET FORTH IN SECTION 7.15 OF THE LOAN AGREEMENT. OBLIGOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. OBLIGOR FURTHER AGREES THAT, AT THE DISCRETION OF LENDER, LENDER MAY SERVE LEGAL PROCESS IN ANY OTHER MANNER TO THE EXTENT PERMITTED BY LAW AND MAY BRING ANY ACTION OR PROCEEDING AGAINST OBLIGOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

(21) Reserved.

(22) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF WASHINGTON WITHOUT REGARD TO ANY CHOICE OF LAW RULES WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

(23) STATUTORY NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[Signatures on following page.]

IN WITNESS WHEREOF, this Pledge Agreement has been duly executed as an instrument under seal as of the date first above written.

OBLIGOR:

WHITE CENTER INVESTMENT FUND, LLC, a Delaware limited liability company

By:

By: _____
Authorized Signatory

LENDER:

KING COUNTY, a Washington municipal corporation

By: _____
Ron Sims, King County Executive

EXHIBIT A**FORM OF ASSIGNMENT**

Subject to Section 7.17 of the Loan Agreement and the terms and provisions of the Pledge Agreement, WHITE CENTER INVESTMENT FUND, LLC, a Delaware limited liability company (the "Obligor" or the "Assignor"), hereby assigns to KING COUNTY, a Washington municipal corporation (the "Lender" or "Assignee"), all of its rights, title and interest in and to the investor membership interest in White Center Investment Fund, LLC, and directs that all future distributions and allocations of income or loss on account of such interest be paid or allocated to such Assignee. Capitalized terms not defined herein shall have those meanings attributed to them in the Pledge Agreement dated as of April __, 2000.

King County, as Assignee, hereby accepts said interest subject to all terms, covenants and conditions of the Amended and Restated Operating Agreement of White Center Investment Fund, LLC, dated as of December __, 2008, and all amendments and modifications thereto.

IN WITNESS WHEREOF, the Assignor and the Assignee have executed this Assignment on December __, 2008.

ASSIGNOR:

WHITE CENTER INVESTMENT FUND, LLC, a Delaware
limited liability company

By: _____
Authorized Signatory

ASSIGNEE:

KING COUNTY, a
Washington municipal corporation

By: _____
Ron Sims, King County Executive

EXHIBIT B**DESCRIPTION OF EQUITY INTERESTS**

Attached to and forming a part of that certain Pledge and Security Agreement by and between White Center Investment Fund, LLC, a Delaware limited liability company, as Pledgor, and King County, a Washington municipal corporation, as Pledgee, dated as of April____, 2000.

<u>CDE</u>	<u>Percentage Interest</u>
White Center Investment Fund, LLC, a Delaware limited liability company	99.99%

Proposed Ord. 2009-0193, Attachment E, dated March 30, 2009**Collateral Agency Agreement**

THIS COLLATERAL AGENCY AGREEMENT, dated as of April _____, 2009, is entered into by and between: (i) Vongs, LLC, a Washington limited liability company (the "Project Borrower" or "Qualified Business"), (ii) King County, as administrative and collateral agent ("Agent" or "County"), and (iii) NDC New Markets Investments XXXVIII, LLC, a Delaware limited liability company, as a lender (the "CDE") (collectively, the "Parties").

Pursuant to that certain Loan Agreement dated as of April _____ 2009, by and between CDE and Project Borrower (such agreement, as hereafter amended, supplemented, restated or modified from time to time in compliance with Section 3.2 hereof, the "Project Loan Agreement"), CDE has agreed, subject to the terms and conditions set forth therein, to make a \$10,914,907.00 loan to Project Borrower (the "Project Loan"), all as set forth in the Project Loan Agreement, with a portion of such Loan to be evidenced by Promissory Note A in the original principal amount of \$6,250,000.00 to be delivered by Project Borrower in favor of CDE (the "Note", and together with the Project Loan Agreement and all other agreements or documents now or in the future executed or delivered by Project Borrower to CDE in connection with the Project Loan, the "Project Loan Documents").

CDE seeks to appoint Agent as its agent in order to assist CDE in monitoring Project Borrower's compliance with all covenants and other undertakings of Project Borrower set forth in the Project Loan Documents that are required to ensure that HUD's Section 108 Guaranteed Loan requirements are satisfied.

In consideration of the sum of _____ and No/Dollars (\$ _____), mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

Capitalized terms used and not otherwise defined herein shall have the meanings set forth in, and the interpretations applicable thereto under, the Project Loan Agreement, as amended and modified from time to time.

Attachment E, dated March 30, 2009

SECTION 2. AGREEMENT BINDING

Section 2.1. Agreement Binding

Project Borrower, Agent and CDE represent and warrant to each of the other parties hereto that this Agreement has been duly authorized, executed and delivered by such representing and warranting party and is the legal, valid, binding and enforceable obligation of such party, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and subject to general equitable principles, including without limitation the principle that equitable remedies, such as the remedy of specific performance, are subject to the discretion of the court. **Section 2.2. No Guaranty**

Neither Agent nor CDE as a result of the provisions of this Agreement shall be deemed to have, directly or indirectly, guaranteed any debts, obligations or liabilities of Project Borrower or any of their Affiliates.

Section 2.3. No Partnership Created Neither the execution of this Agreement, nor any action taken by Project Borrower, Agent or CDE pursuant hereto is intended to be, nor shall it be construed to be, the formation of a partnership or joint venture among Project Borrower, Agent or CDE.

Section 2.4. Limited Purpose of Agreement The provisions of this Agreement shall have no effect upon the rights of CDE against Project Borrower. Project Borrower shall not be entitled for any purpose or under any circumstances to rely upon the failure of Agent or CDE, or either of them, to comply with the terms hereof. Nothing herein contained shall be deemed to authorize Project Borrower to take any action not permitted under the HUD Contract or any other documents to which it is a party.

SECTION 3. AMENDMENTS

Section 3.1. Amendments and Waivers of this Agreement This Agreement may be amended, supplemented, restated or modified only with the written consent of Project Borrower, Agent and CDE. No waiver of any provision of this Agreement shall be effective unless consented to in writing by the party against which such waiver is to be effective.

Section 3.2. Amendment and Waivers of Other Agreements. Agent and CDE agree that CDE shall not effect, enter into or agree to any amendment, modification or waiver of any of the Project Loan Documents, except with the prior written consent of the Agent, with respect to any proposed extension of the Maturity Date of the Loan, change in the interest rate under the Loan, increase in the maximum principal amount of the Loan, or change in any of the Governmental Requirements (defined below). Any purported amendment, modification or waiver of any of the Project Loan Documents that would be in conflict with this Section 3.2 shall be invalid, of no force and effect, and shall be deemed a breach of this Agreement by the parties purporting to effect such amendment, modification or waiver. CDE shall ensure that this Section 3.2 shall be binding on CDE and any successor or assign until the HUD Note is paid in full.

SECTION 4. AGENT

Section 4.1. Appointment of Agent.

CDE hereby irrevocably appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement. Agent shall act on behalf of CDE in the best interests of, and for the sole benefit of, CDE (as determined by it in its reasonable good-faith business judgment) in accordance with the terms of this Agreement, and in furtherance of and to the extent consistent with such terms, in accordance with the care, skill, prudence, and diligence of ordinary, prudent third-parties engaged in similar business affairs, acting in accordance with applicable law, the terms of this Agreement and the best interests of CDE, without regard to any relationship (other than that created by this Agreement) that it may have with CDE, Project Borrower or any of their affiliates. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Project Loan Document, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with CDE, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against Agent. Without limiting the generality of the foregoing sentence, the use of the term "Agent" herein with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

Section 4.2. Duties of Agent.

CDE hereby appoints, designates and authorizes Agent as CDE's agent for the purpose of assisting CDE in monitoring Project Borrower's compliance with all covenants and other undertakings of Project Borrower set forth in the Project Loan Documents which compliance is required by the HUD Contract. Project Borrower agrees to deliver to Agent, at the address set forth below, copies of all reports and other correspondence required to be delivered to CDE pursuant to the Project Loan Documents, and agree that CDE shall be entitled to share any and all information it may have with respect to the Loan and the Project with Agent. Agent shall be responsible for monitoring Project Borrower's compliance with all Project Borrower's covenants and undertakings, including compliance with federal requirements applicable to Section 108 Loan Guarantee Funds, the proceeds of which are being loaned by CDE to Project Borrower, federal and state fair employment practices and equal employment opportunity requirements, federal anti-kickback rules, the Davis-Bacon Act (40 USC 276a-276a-7) and applicable regulations, the Contract Work Hours and Safety Standards Act (40 USC 327-330) and applicable regulations, retention of records and governmental review requirements and other federal requirements applicable to the Project and set forth in the Project Loan Agreement and Schedule 7 thereto ("Governmental Requirements"). Agent shall be responsible for delivering, at least quarterly, a written report to CDE summarizing Project Borrower's compliance, or failure to comply, with such covenants and undertakings. Agent shall promptly inform CDE of any noncompliance by Project Borrower with the terms of the Project Loan Agreements of which it has actual knowledge and shall provide CDE such information relating thereto as is reasonably requested by CDE.

CDE hereby appoints, designates and authorizes Agent: (i) upon the declaration by CDE of an Event of Default under the Project Loan Agreement, to exercise remedies available to the CDE pursuant to the Project Loan Documents on behalf of the CDE, solely at the direction of the CDE, (ii) to assist Project Borrower in rectifying any noncompliance with the Governmental Requirements or any other noncompliance under the Project Loan Documents, subject to consent of the CDE (whether or not CDE has declared an Event of Default), and (iii) to use commercially reasonable efforts to assist the CDE in the reinvestment of any proceeds of the Loan required to be reinvested pursuant to the the NMTC Program Requirements (as defined by the Amended and Restated Operating Agreement for White Center Investment Fund, LLC) within the applicable time period to prevent a recapture of any tax credits under the NMTC Program and in compliance with any applicable Governmental Requirements as defined above.

Section 4.3. Delegation of Duties by Agent and Liability of Agent. Agent may execute any of its duties under this Agreement by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. Agent shall not: (a) be liable for any action taken or omitted to be taken by it under or in connection with this Agreement or the transactions contemplated hereby, except for its own gross negligence, willful misconduct or fraud in connection with its duties expressly set forth herein, or (b) be responsible in any manner to Project Borrower or CDE for any recital, statement, representation or warranty made by CDE or any officer thereof, contained herein, 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 the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or for any failure of CDE to perform their respective obligations hereunder. Any loss or damage incurred by Agent by reason of any act or omission performed or omitted by it in good faith on behalf of CDE and in a manner reasonably believed to be within the scope of the authority granted to it by this Agreement and in the best interests of CDE (but not, in any event, any loss or damage incurred by Agent by reason of bad faith, gross negligence, willful misconduct or fraud with respect to such acts or omissions) shall be paid from CDE assets to the extent available.

Section 4.4. Reliance by Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it in its reasonable discretion to be genuine and correct and to have been signed, sent or made by authorized officer(s) of CDE, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of CDE as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by CDE against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request or consent of CDE.

Section 4.5. Disclosure of Information by Agent. CDE acknowledges that Agent has not made any representation or warranty to it (other than those representations and warranties set forth in this Agreement) regarding Project Borrower, and that no act by Agent hereafter taken,

including any consent to and acceptance of any assignment or review of the affairs of Project Borrower or any affiliate thereof, shall be deemed to constitute any representation or warranty by Agent to CDE as to any matter, including whether Agent has disclosed material information in its possession. Except for notices, reports and other documents expressly required to be furnished to CDE by Agent herein, Agent shall not have any duty or responsibility to provide CDE with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Project Borrower or any affiliates thereof which may come into the possession of Agent. Upon reasonable prior notice to Agent, CDE or its accountants or other representatives shall have access to the documents, correspondence and records of Agent as they relate to Project Borrower's compliance with the covenants and undertakings set forth in the Project Loan Documents during regular business hours at the offices of Agent.

Section 4.6. Agent in Its Individual Capacity. Agent may make grants and loans to, and enter into contracts with, and generally engage in any kind of grant making, lending or other business with Project Borrower, CDE and their respective affiliates as though Agent were not Agent hereunder and without notice to or consent of Project Borrower or CDE. Project Borrower and CDE acknowledge that, pursuant to such activities, Agent may receive information regarding Project Borrower, CDE or their affiliates (including information that may be subject to confidentiality obligations) and acknowledge that Agent shall be under no obligation to provide such information to it.

Section 4.7. Successor Agent.

Agent may resign as Agent upon sixty (60) days' prior written notice to Project Borrower and CDE. If Agent resigns under this Agreement, Project Borrower and CDE may agree to the appointment of a successor Agent. Upon the acceptance of its appointment as successor Agent hereunder, such successor, acting as such successor Agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor Agent in all such capacities and the retiring Agent's appointment, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such retiring Agent. The retiring Agent shall cooperate with the successor Agent in the orderly transitioning of its responsibilities to the successor Agent (including, without limitation, providing copies of records and other documents relating to Agent's responsibilities hereunder). After any retiring Agent's resignation hereunder as Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is sixty (60) days following retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective, and Project Borrower or CDE shall perform all of the duties of Agent hereunder until such time, if any, as Project Borrower and CDE appoints a successor agent as provided for above. Any request for reimbursement of fees or out-of-pocket costs or expenses incurred by the retiring Agent shall be deemed waived if it is not made within thirty (30) days after the date that such retirement becomes effective.

Section 4.8. Removal of Agent. If Agent, in connection with its duties expressly set forth herein, has taken any action or omitted to take any action that would constitute gross negligence, willful misconduct, fraud or a material violation of the provisions of this Agreement,

or if any insolvency proceeding shall occur with respect to Agent, and such action or omission is not cured to the reasonable satisfaction of CDE, or such insolvency proceeding is not dismissed, within sixty (60) days after receipt by Agent of written notice thereof from CDE, then CDE shall have the right to terminate the appointment of Agent pursuant to this Agreement by sending written notice of termination to Agent. The removed Agent shall cooperate with the successor Agent in the transition of servicing responsibilities, consistent with the foregoing.

SECTION 5. MISCELLANEOUS

Section 5.1. Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of any of the Project Loan Documents, the provisions of this Agreement shall prevail.

Section 5.2. Notices and Information. All notices and other communications hereunder shall be in writing and shall be personally delivered, delivered by overnight courier or sent by telecopier, to the respective parties hereto at their respective addresses set forth in Schedule I attached hereto, or to such other address for a party as such party shall specify in writing to the other parties to this Agreement. Notices and other communications shall be deemed delivered to a party when delivered by one of the above specified methods to the indicated location(s) of such party and receipt of a counter signature acknowledging receipt by an individual at such location.

Section 5.3. Transfer of Obligations; Parties in Interest. In the event of any transfer by CDE of the Note, such transfer shall be made expressly subject to the terms of this Agreement, which shall be binding on the transferee to the same extent as its transferor. All of the terms and provisions of this Agreement shall inure to the benefit of and be binding upon and enforceable by the respective successors and assigns of the parties hereto, whether so expressed or not and, in particular, shall inure to the benefit of and be enforceable by any future holder or holders of the Note .

Section 5.4. Governing Law; Jurisdiction; Waiver of Jury Trial. The validity of this Agreement, the construction, interpretation, and enforcement hereof, and the rights of the Parties hereto with respect to all matters arising hereunder or related hereto shall be determined under, governed by, and construed in accordance with the internal laws of the state of Washington (without giving effect to conflict or choice of law principles).

THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF KING, STATE OF WASHINGTON. EACH PARTY WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 5.4.

Section 5.5. Miscellaneous. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement embodies the entire agreement and understanding among Project Borrower, Agent and CDE

relating to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision in this Agreement refers to any action taken or to be taken by any person, or which such person is prohibited from taking, such provision shall be applicable, whether such action is taken directly or indirectly by such person, whether or not expressly specified in such provision. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by the parties hereto or thereto, as the case may be, on separate counterparts but all, such counterparts shall together constitute but one and the same instrument.

Section 5.6. No Third Parties Benefited. This Agreement is solely for the benefit of Agent and CDE, its members, and their respective successors and permitted assigns, and no person, including Project Borrower, shall have any right, benefit, priority or interest under, or because of the existence of this Agreement.

[Signatures Appear on the Following Page]

THE UNDERSIGNED, as authorized officials on behalf of the Parties, have executed this Collateral Agency Agreement, which shall be effective as of the date first above written.

VONGS, LLC, a Washington limited liability company

By: _____

By: _____
President

KING COUNTY, a Washington municipal corporation

By: _____
Ron Sims, King County Executive

**NDC NEW MARKETS INVESTMENTS
XXXVIII, LLC**, a Delaware limited liability company

By: _____
By: _____

Authorized Signatory

SCHEDULE I

**ADDRESSES AND OTHER CONTACT INFORMATION FOR NOTICES AND
COMMUNICATIONS**

PROJECT BORROWER/QUALIFIED BUSINESS

Vongs, LLC
ADDRESS AND FAX

with a copy to:

Kantor Taylor Nelson & Boyd PC
1501 – 4th Avenue, Suite 1610
Seattle, WA 98101
Attn: Thomas Nelson
Fax: 206-625-9951

AGENT/COUNTY

Ron Sims, County Executive

with a copy to:

Peggy Pahl, Sr. Deputy Prosecuting Attorney
King County Prosecuting Attorney's Office
Civil Division
King County Courthouse, W-400
516 Third Avenue
Seattle, WA 98104
Fax: 206-296-0191

LENDER/CDE

NDC New Markets Investments XXXVIII, LLC
Add address

with a copy to:

Proposed Ord. 2009-0193, Attachment F, dated March 30, 2009**SUBORDINATION AND FOREBEARANCE AGREEMENT**

THIS SUBORDINATION AND FOREBEARANCE AGREEMENT (this "Agreement"), dated as of _____, 2009, by and between **KING COUNTY**, a Washington municipal corporation ("Senior Lender"), and **VONG'S BROTHERS, LLC**, a Washington limited liability company ("Subordinate Lender").

RECITALS

A. Senior Lender has made a loan in the principal amount of Six Million Two Hundred Fifty Thousand Dollars (\$6,250,000) to WHITE CENTER INVESTMENT FUND LLC, a Delaware limited liability company (the "Obligor"), (a) evidenced by that certain Promissory Note in the principal sum of \$6,250,000.00 dated as of April ##, 2009, from Obligor to Senior Lender (as the same may hereafter be extended, modified, amended and/or restated from time to time in accordance with the terms and provisions of this Agreement, the "Senior Note") and (b) governed and/or secured by (i) that certain Pledge and Security Agreement of even date herewith between Obligor and Senior Lender (as the same may hereafter be consolidated, extended, modified, amended and/or restated from time to time in accordance with this Agreement, the "Senior Security Agreement") and (ii) the other documents and instruments evidencing, securing, guaranteeing or otherwise relating to and executed and delivered in connection therewith described on Schedule 1 attached hereto and made a part hereof (as the same may hereafter be consolidated, extended, modified, amended and/or restated from time to time in accordance with the terms of this Agreement, and together with the Senior Note and the Senior Security Agreement, collectively the "Senior Loan Documents"). Any capitalized words not defined herein shall have the meaning set forth in the Senior Security Agreement or the Senior Loan Agreement.

B. Subordinate Lender has made a loan in the principal amount of TWO MILLION THREE HUNDRED NINETY-FOUR THOUSAND AND SEVEN DOLLARS (\$2,394,007.00) as evidenced by that certain Promissory Note dated April ##, 2009, in the principal amount of \$2,394,007.00 from Obligor to Subordinate Lender (the "Subordinate Note"). The Subordinate Note is secured by a subordinate lien in the Collateral pursuant to the Subordinate Security Agreement (as defined in Schedule 2 attached hereto). The Subordinate Note, and the other documents and

Attachment F, dated March 30, 2009

instruments, evidencing, guarantying, securing or otherwise relating thereto described on Schedule 2 attached hereto and made a part hereof are referred to herein as the “Subordinate Debt Documents.”

C. To induce Senior Lender to make the Senior Loan (as hereinafter defined), Subordinate Lender is willing to subordinate the Subordinate Debt (as hereinafter defined) and the Subordinate Debt Documents to the Senior Loan and to the Senior Loan Documents and to make certain agreements with respect to the relationship between the Subordinate Debt and the Subordinate Debt Documents and the Senior Loan and the Senior Loan Documents.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Senior Lender and Subordinate Lender hereby agree as follows:

AGREEMENT

1. Certain Definitions.

(a) The following terms have the meanings specified and such definitions apply equally to the singular and plural forms of such terms:

(i) “Bankruptcy Code” means Title 11, United States Code, as amended from time to time, any successor statute thereto, and any rules promulgated pursuant thereto or thereunder.

(ii) “CDE” means NDC NEW MARKETS INVESTMENTS XXXVIII, LLC, a Delaware limited liability company.

(iii) “Enforcement Action” means any (A) judicial or non-judicial foreclosure proceeding, the exercise of any power of sale, the taking of a deed or assignment in lieu of foreclosure, the obtaining of a receiver or the taking of any other enforcement action against any property of Obligor (“Property”) or any guarantor or indemnitor of or under the Senior Loan or the Subordinate Debt, including, without limitation, the taking of possession or control of the Property, (B) acceleration of, or demand or action taken in order to collect, all or any indebtedness of Obligor or any guarantor or indemnitor of the Senior Loan or the Subordinate Debt or any indebtedness secured by the Property or (C) exercise of any right, power or remedy available to (1) Senior Lender under the Senior Loan Documents, at law, in equity or otherwise with respect to Obligor, the Property or any guarantor or indemnitor of or under the Senior Loan or (2) Subordinate Lender under the Subordinate Debt Documents, at law, in equity or otherwise with respect to Obligor, the Property or any guarantor or indemnitor of or under the Subordinate Debt, as the case may be.

(iv) “Event of Default” means, with respect to the Senior Loan and the Senior Loan Documents, any event of default or default thereunder after notice from Senior

Lender, if required under the Senior Loan Documents, and the expiration of the applicable cure period, if any, granted under the Senior Loan Documents.

(v) “Paid in Full” or “Payment in Full” or any similar term(s) means, with respect to the Senior Loan, the indefeasible satisfaction and final payment in full of the Senior Loan and the full and timely performance of all other obligations to Senior Lender under the Senior Loan Documents for a period of time in excess of all applicable preference or other similar periods under applicable bankruptcy, insolvency or creditors’ rights laws.

(vi) “Senior Loan” means all obligations of Obligor now or hereafter arising under the Senior Loan Documents (whether created directly or acquired by assignment or otherwise), whether for principal, interest (including, without limitation, default interest and interest accruing after the filing of a petition initiating any proceedings referenced in Section 8 at the rate set forth in the Senior Note, whether or not such interest accrues after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), fees (including, without limitation, attorneys’ fees), premium, costs, expenses or otherwise including, without limitation, amounts payable (A) in respect of any indemnity, (B) in respect of any breach of a representation or a warranty, and (C) in respect of any protective advance made by Senior Lender pursuant to the Senior Loan Documents to protect and preserve the Property and the Senior Lender’s rights and security under the Senior Loan Documents.

(vii) “Subordinate Debt” means all obligations now or hereafter arising under the Subordinate Debt Documents including all obligations relating thereto, whether for principal, interest (including, without limitation, interest as provided in the Subordinate Note, default interest and interest accruing after the filing of a petition initiating any proceeding referenced in Section 8, whether or not such interest accrues after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), fees (including, without limitation, attorneys’ fees), premium, expenses or otherwise, including, without limitation, amounts payable (A) in respect of any indemnity, (B) in respect of any breach of a representation or a warranty, and (C) in respect of any protective advance made by Subordinate Lender pursuant to the Subordinate Debt Documents to protect and preserve Subordinate Lender's rights under the Subordinate Debt Documents.

2. **Approval of Senior Loan Documents.** Subordinate Lender has received and reviewed, and Subordinate Lender hereby consents to and approves subject to the terms of this Agreement all of the provisions of, the Senior Loan Documents. Subordinate Lender hereby acknowledges that the execution, delivery and performance of the Senior Loan Documents will not and does not constitute a default under the Subordinate Debt Documents. Senior Lender is under no obligation or duty to, nor has Senior Lender represented that it will see to the application of the proceeds of the Senior Loan by Obligor or any other person or entity to whom Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided in the Senior Loan Documents shall not affect, impair or defeat the subordination herein in any manner whatsoever.

3. **Approval of Subordinate Debt Documents.** Senior Lender has received and reviewed, and, subject to the terms and conditions of this Agreement, Senior Lender hereby

consents to and approves all of the provisions of, the Subordinate Debt Documents. Senior Lender hereby acknowledges that the execution and performance of the Subordinate Debt Documents, subject to and expressly conditioned upon the execution and delivery of this Agreement by Subordinate Lender and the acknowledgement hereto by Obligor and compliance by Subordinate Lender and Obligor herewith and therewith, shall not constitute a default, or an event which, with the giving of notice or the passage of time, or both, would constitute a default under any of the Senior Loan Documents.

4. **Representations and Warranties.** Subordinate Lender hereby represents and warrants as follows:

(a) The Subordinate Debt was funded pursuant to the Subordinate Debt Documents which were executed on April ##, 2009; and true, correct and complete copies of the Subordinate Debt Documents have been delivered to Senior Lender. To Subordinate Lender's knowledge, there currently exists no default or event which, with the giving of notice or passage of time, or both, would constitute a default under any of the Subordinate Debt Documents.

(b) Subordinate Lender is the legal and beneficial owner of the Subordinate Debt now outstanding, free and clear of any lien, security interest, option or other charge or encumbrance.

(c) There are no conditions precedent to the effectiveness of this Agreement.

(d) Subordinate Lender has, independently and without reliance upon Senior Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the Subordinate Debt Documents.

(e) Subordinate Lender has taken all actions necessary to authorize the execution, delivery and performance of this Agreement and all such actions continue in full force and effect as of the date hereof.

(f) Subordinate Lender has duly executed and delivered this Agreement, and the Subordinate Debt Documents, and this Agreement constitutes the legal, valid and binding agreements of Subordinate Lender enforceable against Subordinate Lender in accordance with its terms, subject to (i) applicable bankruptcy, reorganization, insolvency and moratorium laws and (ii) principles of equity, which may apply regardless of whether a proceeding is brought in law or in equity.

(g) No consent of any other party and no consent, license, approval, or authorization of, or exemption by, or registration or declaration or filing with, any governmental authority, bureau or agency is required in connection with the execution, delivery or performance by Subordinate Lender of this Agreement or the consummation by Subordinate Lender of the transactions contemplated hereby and thereby.

(h) The execution, delivery and performance of this Agreement will not (i)

violate, conflict with, or result in the breach or termination of, or otherwise give any other contracting party the right to terminate, or constitute (or with notice or the passage of time, or both, would constitute) a default under the terms of any contract, mortgage, lease, bond, indenture, agreement or other instrument to which Subordinate Lender is a party or to which any of its properties are subject or (ii) violate any judgment, order, injunction, decree, or award of any court, arbitrator, administrative agency, or governmental or regulatory body against, or binding upon, Subordinate Lender or upon any of the securities, properties, assets or business of Subordinate Lender. The execution, delivery and performance of this Agreement will not constitute a violation by Subordinate Lender of any statute, law or regulation that is applicable to Subordinate Lender.

(i) The Subordinate Debt Documents are not cross-defaulted with any other loan or agreement from Subordinate Lender to Obligor or to any affiliate of Obligor except as set forth in the Subordinate Debt Documents, and the Property does not secure any loan or agreement from Subordinate Lender to Obligor or any affiliate of Obligor.

5. **No Modification of Subordinate Debt.** Except as otherwise expressly permitted in this Agreement, unless and until the Senior Loan has been Paid in Full, Subordinate Lender shall not, without the prior written consent of Senior Lender, which consent may be granted or withheld by Senior Lender in its sole and absolute discretion, for any or no reason:

(a) Amend, modify, renew, extend (except as expressly provided in the Subordinate Debt Documents on the date hereof), replace or restate any of the Subordinate Debt Documents in any respect, nor shall Subordinate Lender make any other loan or advance to Obligor or any affiliate of Obligor (except as expressly provided in the Subordinate Debt Documents on the date hereof).

(b) Amend or modify the interest rate, principal amount, date of any payment or prepayment, any provisions requiring payments or prepayments or any other financial or economic term of the Subordinate Debt Documents;

(c) Convert or exchange any of the Subordinate Debt into or for any other indebtedness or obligation or subordinate any of the Subordinate Debt to any indebtedness of Obligor or any guarantor or indemnitor other than the Senior Loan;

(d) Obtain any lien or security interest in the Property or any other collateral securing the Senior Loan except for the lien on the Collateral pursuant to the Security Agreement between Obligor and Subordinate Lender; or

(e) Allow the Subordinate Debt to be replaced in full or in part by the funding of a new loan in the sum of \$2,394,007.00, or any higher or lower amount, to be made to Obligor by any person unless and until such person has entered into a Subordination and Forebearance Agreement on substantially the same terms as this Agreement which are acceptable to Senior Lender in its sole and absolute discretion.

Any amendment, modification, supplement, extension, renewal, replacement or restatement of or to the Subordinate Debt Documents which is not permitted under this Agreement or otherwise consented to in writing by Senior Lender shall be void *ab initio* and of no force or effect whatsoever.

6. Subordination of Subordinate Debt; Subordinate Debt Documents and Modification of Senior Loan.

(a) Subject to the terms and conditions of this Agreement, Subordinate Lender hereby unconditionally covenants and agrees with Senior Lender that the Subordinate Debt, the Subordinate Debt Documents, and any lien and security interest created thereby, if any, and all rights, remedies, terms and covenants contained therein are and shall remain subject and subordinate, and Subordinate Lender hereby subordinates and makes junior the Subordinate Debt, the Subordinate Debt Documents and liens and security interests created thereby, if any, and all rights, remedies, terms and covenants contained therein, to (i) the Senior Loan, (ii) the liens and security interests created by the Senior Loan Documents and all extensions, supplements, amendments and modifications to and restatements and consolidations of the Senior Loan Documents, and (iii) all of the terms, covenants, conditions, rights and remedies contained in the Senior Loan Documents and any extensions, supplements, amendments and modifications to and restatements and consolidations of the Senior Loan Documents. Senior Lender may extend, consolidate, modify or amend the Senior Loan Documents including the extension of new loans or the making of future advances; provided that the extension of any new loans or additional advances shall be subject to the prior written approval of Subordinate Lender, which approval will not be unreasonably withheld or delayed. If Subordinate Lender does not either approve or disapprove within ten (10) days after receipt of written notice from Senior Lender of the proposed new loan extension or further advance, such extension or advance shall be deemed approved. If Subordinate Lender disapproves, it shall set forth in detail the reasons for such disapproval and set forth the terms and conditions that would allow Subordinate Lender to approve.

(b) Except as otherwise provided in this Agreement, every document and instrument included within the Subordinate Debt Documents shall be subject and subordinate to each and every document and instrument included within the Senior Loan Documents and all extensions, modifications, consolidations, supplements, amendments, replacements and restatements of and/or to the Senior Loan Documents.

(c) Subordinate Lender acknowledges that in reliance on and in consideration of the subordination by Subordinate Lender in this Agreement, Senior Lender is making the Senior Loan, which Senior Lender would not make or enter into but for Senior Lender's reliance on the subordination contained in this Agreement.

7. Payment Subordination; Notice of Default.

(a) All of Subordinate Lender's rights to payment by Obligor or any guarantor or indemnitor of or under the Subordinate Debt and the obligations evidenced by the Subordinate Debt Documents are hereby subordinated to all of Senior Lender's rights to payment by Obligor or any guarantor or indemnitor of or under the Senior Loan and the

obligations secured by the Senior Loan Documents. Subordinate Lender agrees that until the Senior Loan is Paid in Full, Subordinate Lender shall not collect any amounts on the Subordinate Debt, except that, so long as there is no default by Obligor under the terms of the Senior Loan Documents (beyond any applicable cure periods) and Subordinate Lender has not received notice of any such default (i) Obligor may make, and Subordinate Lender or any person acting for Subordinate Lender may receive, regular installments of interest payments in the amounts and according to the terms set forth in the Subordinate Note and Subordinate Debt Documents, and (ii) Subordinate Lender may receive and retain under the Subordinate Debt Documents amounts in payment or reimbursement of costs and fees chargeable to the Obligor thereunder. After receipt by Subordinate Lender from Senior Lender that Obligor is in default under any Senior Loan Document, Obligor shall not make and Subordinate Lender shall not receive or retain any of the payments or reimbursements provided for in (i) and (ii) of the previous sentence, and any such payments or reimbursements shall be held in trust by Subordinate Lender for the benefit of Senior Lender and be turned over to Senior Lender upon demand therefore by Senior Lender.

(b) Prior to commencing any Enforcement Action, Senior Lender shall notify Subordinate Lender in writing of the nature of the proposed Enforcement Action (“EA Notification”), and Senior Lender agrees upon the written request of Subordinate Lender, given not later than ten (10) days after Subordinate Lender’s receipt of the EA Notification to do so (“Meeting Notification”), Senior Lender will discuss with Subordinate Lender during a period not to exceed thirty (30) days alternative solutions and workout arrangements instead of commencing the proposed Enforcement Action (“Discussion Period”). If Subordinate Lender fails to give the Meeting Notification within the required ten (10) day period, or if at the end of the Discussion Period the Senior Lender and Subordinate Lender have not mutually agreed upon an alternative solution or workout arrangement, the Senior Lender shall be free to exercise the proposed Enforcement Action.

(c) Subordinate Lender shall have no right to take any Enforcement Action of any type or kind (including obtaining a judgment for all or any part of any sum or amount due) under the Subordinate Debt Documents until the Senior Debts are Paid in Full.

(d) The provisions of this Section 7 shall continue in full force and effect until Senior Lender delivers written notice to Subordinate Lender that Senior Lender has been Paid in Full which notice Senior Lender hereby agrees to deliver promptly upon being Paid in Full. If, as a result of the occurrence of any Event of Default at any time while any amount remains outstanding under the terms of the Senior Loan Documents, Obligor and Senior Lender enter into negotiations or any type of workout that extends the maturity date of any obligation due and owing under the Senior Loan Documents, this Agreement shall continue in full force and effect until Senior Lender has been Paid in Full.

8. Insolvency Proceeding; No Enforcement Actions by Subordinate Lender.

(a) In the event of any dissolution, winding up, liquidation, arrangement, reorganization, adjustment, protection, relief or recomposition of Obligor or any guarantor or indemnitor of its debts, whether voluntary or involuntary, in any bankruptcy, insolvency, arrangement, reorganization, receivership, relief or other similar case or proceeding under the Bankruptcy Code or any state bankruptcy or insolvency or similar law or upon an assignment

for the benefit of creditors or any other marshalling of the assets and liabilities of Obligor or any guarantor or indemnitor or otherwise, Senior Lender shall be entitled to receive Payment in Full of the Senior Loan before Subordinate Lender is entitled to receive any payment of or distribution with respect to all or any of the Subordinate Debt, and any payment or distribution of any kind (whether in cash, property or securities) that otherwise would be payable or deliverable upon or with respect to the Subordinate Debt in any such case, proceeding, assignment, marshalling or otherwise (including any payment that may be payable by reason of any other indebtedness of Obligor or any guarantor or indemnitor being subordinated to payment of the Subordinate Debt) shall be paid or delivered directly to Senior Lender for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for, the payment of the Senior Loan until the Senior Loan has been Paid in Full.

(b) Any cash collateral order issued in any proceeding referenced in this Section 8 shall provide that Senior Lender is to receive all cash received from the Property for application to the Senior Loan in such order and priority and in such amount as Senior Lender shall determine in its sole and absolute discretion.

(c) If any proceeding referred to in Section 8(a) above is commenced by or against Obligor or any guarantor or indemnitor, (i) Senior Lender is hereby irrevocably authorized and empowered and Subordinate Lender hereby irrevocably assigns and transfers to Senior Lender the right (in its own name as assignee of Subordinate Lender), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution referred to in Section 8(a) and give acquittance therefor and to file claims and proofs of claim and (subject to the following provisions of this Section 8(b)) take such other action in any insolvency, bankruptcy or similar proceeding (including, without limitation, voting the Subordinate Debt and any loan which is part of the collateral held by Subordinate Lender, if any, in respect of the Subordinate Debt which Subordinate Lender has the right to vote or make any election or enforce any security interest or other lien securing payment of the Subordinate Debt) as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of Senior Lender hereunder, (ii) Subordinate Lender shall duly and promptly take such action as the Senior Lender may request to (A) collect the Subordinate Debt for the account of Senior Lender and to file appropriate claims or proofs of claim in respect of the Subordinate Debt, (B) execute and deliver to Senior Lender such powers of attorney, assignments or other instruments as Senior Lender may request in order to enable Senior Lender to enforce any and all claims with respect to, and any security interests and other liens securing payment of, the Subordinate Debt and (C) collect and receive any and all payments or distributions which may be payable or deliverable upon or with respect to the Subordinate Debt, (iii) in the event Senior Lender shall desire to permit the use of cash collateral by Obligor or any guarantor or indemnitor or to provide financing to Obligor or any guarantor or indemnitor in connection with a proceeding under the Bankruptcy Code involving Obligor, either under Section 363 or 364 of the Bankruptcy Code, with or without obtaining a priority lien under Section 364(d) of the Bankruptcy Code (a "DIP Facility"), adequate notice to Subordinate Lender of the DIP Facility shall have been given if Subordinate Lender receives notice thereof at least two (2) business days prior to the hearing on the motion requesting the DIP Facility and (iv) Senior Lender (A) shall have the sole discretion to exercise or not exercise such assignments, transfers and foregoing rights from time to time, (B) may exercise such rights solely in the interest of

Senior Lender and without regard to the interest of Subordinate Lender in any action or proceeding and (C) is hereby authorized to demand specific performance of this Agreement, whether or not Obligor and any guarantor or indemnitor shall have complied with any of the provisions hereof applicable to it, at any time when Subordinate Lender shall have failed to comply with any of the provisions of this Agreement applicable to it (Subordinate Lender hereby irrevocably waiving any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such remedy of specific performance).

(d) Unless and until the Senior Loan has been Paid in Full, Subordinate Lender will not (i) take, sue for, ask or demand from Obligor payment of all or any of the Subordinate Debt (except that, so long as there is no default by Obligor under the terms of the Senior Loan Documents (beyond any applicable cure periods) and Subordinate Lender has not received notice of any such default, (A) Obligor may make, and Subordinate Lender or any person acting for Subordinate Lender may receive, regular installment interest payments in the amounts and according to the terms set forth in the Subordinate Note and Subordinate Debt Documents, and (B) Subordinate Lender may receive and retain under the Subordinate Debt Documents amounts in payment or reimbursement of costs and fees chargeable to the Obligor thereunder); (ii) commence, or join with any creditor other than Senior Lender, in commencing, directly or indirectly, or cause Obligor or any guarantor or indemnitor of or under the Subordinate Debt to commence, or assist Obligor or any guarantor or indemnitor of or under the Subordinate Debt in commencing, any proceeding referred to in Section 8(a); (iii) commence any judicial or non-judicial action or proceeding to exercise any remedies under the Subordinate Debt Documents; or (iv) take any other Enforcement Action. Senior Lender shall endeavor to deliver to Subordinate Lender a copy of any notice of default or Event of Default sent or rendered to Obligor, and shall endeavor to deliver to Subordinate Lender, within two (2) business days of its receipt, with a copy, of any notice of default or Event of Default received from Obligor; provided, however, that the failure of Senior Lender to deliver any notice to Subordinate Lender shall not in any way relieve or release Subordinate Lender from any of its obligations hereunder.

(e) Subordinate Lender (i) hereby waives any requirement for marshalling of assets by Senior Lender in connection with any foreclosure of any security interest or any other realization upon collateral in respect of the Senior Loan Documents or any exercise of any rights of set-off or otherwise, (ii) assumes all responsibility for keeping itself informed as to the condition (financial or otherwise) of Obligor and all guarantors and indemnitors, the condition of the Property and all other collateral and other circumstances, and Senior Lender shall have no duty whatsoever to obtain, advise or deliver information or documents to Subordinate Lender relative to such condition, business, assets and/or operations, (iii) hereby waives and relinquishes any rights which it may have, whether under a legal theory of marshalling of assets or any other theory in law or in equity, to restrain Senior Lender from, or to recover damages at any time from Senior Lender as a result of, Senior Lender's exercise of its various rights and remedies under the Senior Loan Documents in such order and with such timing as Senior Lender shall deem appropriate in its sole and absolute discretion, (iv) acknowledges and agrees that Senior Lender owes no fiduciary duty to Subordinate Lender in connection with the administration of the Senior Loan and the Senior Loan Documents and Subordinate Lender agrees never to assert any such claim and (v) hereby waives promptness, diligence, notice of acceptance and any other notice with respect to the Senior Loan, the Senior

Loan Documents and this Agreement and any requirement that the Senior Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any night or take any action against Obligor or any other person or entity or any collateral.

(f) No payment or distribution to Senior Lender pursuant to the provisions of this Agreement shall entitle Subordinate Lender to exercise any right of subrogation in respect thereof until the Senior Loan has been Paid in Full.

9. **No Advances.** Subordinate Lender shall not make any future advances under the Subordinate Debt Documents without Senior Lender's prior written consent which may be granted or withheld by the Senior Lender in its sole and absolute discretion for any or no reason. All permitted future advances made by Subordinate Lender shall be and remain subject and subordinate to the Senior Loan and the Senior Loan Documents.

10. **Obligations Hereunder Not Affected.**

(a) All rights and interests of Senior Lender hereunder, and all agreements and obligations of Subordinate Lender under this Agreement, shall remain in full force and effect regardless of:

(i) any lack of validity or enforceability of the Senior Loan Documents or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Loan, or any other amendment, modification, supplement, restatement or waiver of or any consent to any departure from the Senior Loan Documents, including, without limitation, any increase in the Senior Loan resulting from the extension of additional credit to Obligor or any of its subsidiaries or affiliates or otherwise, in all cases which are permitted hereunder;

(iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to or departure from any guaranty, for or of all or any portion of the Senior Loan;

(iv) any manner of application of collateral, or proceeds thereof, to all or any portion of the Senior Loan, or any manner of sale or other disposition of any collateral for all or any portion of the Senior Loan or any other assets of Obligor or any of its subsidiaries or affiliates;

(v) any change, restructuring or termination of the organizational structure or existence of Obligor or any of its subsidiaries or affiliates; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Obligor or any guarantor or indemnitor.

(b) This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of all or any portion of the Senior Loan is rescinded or must

otherwise be returned by Senior Lender upon the insolvency, bankruptcy or reorganization of Obligor or any guarantor or indemnitor or otherwise (in any such case, an "Avoided Payment"), all as though such payment had not been made. If Senior Lender is required to disgorge any Avoided Payments, then Subordinate Lender shall pay to Senior Lender an amount equal to the lesser of the (i) amount of all Avoided Payments and (ii) the aggregate amount actually received by Subordinate Lender from Obligor and any guarantor or indemnitor which would have been prohibited by this Agreement had the Avoided Payments not been made by Obligor and received by Senior Lender.

(c) Senior Lender may, from time to time, do any of the following (by express amendment to the Senior Loan Documents or otherwise) and the Subordinate Debt and the Subordinate Debt Documents shall be and continue to be subject and subordinate thereto as provided in this Agreement:

(i) defer enforcement of its remedies following the maturity date of the Senior Loan if Obligor fails to timely pay all amounts due and payable in respect of the Senior Loan on such date;

(ii) release any portion of the Property or any other security from the liens and security interests created by the Senior Loan Documents or release any guarantor or indemnitor of the Senior Loan;

(iii) permit Obligor to accrue any interest that becomes due under the Senior Loan Documents and to defer payment thereof and accrue interest thereon until the maturity date of the Senior Loan;

(iv) waive any of the terms, covenants or conditions of the Senior Loan Documents; and/or

(v) make future advances under the Senior Loan Documents if such advances are for any reason including but not limited to the following purposes: (A) to pay any taxes or assessments on the Property, (B) to pay any insurance premiums for casualty insurance, public liability and property damage insurance and similar types of insurance required under the terms of the Senior Loan Documents, (C) to pay the fees and expenses of Senior Lender's or its legal counsel in connection with administering, or exercising its rights under, the Senior Loan Documents, or (D) to pay for any costs in connection with maintaining the security of the lien of the Senior Loan Documents.

11. **Transfers.**

(a) Senior Lender may, from time to time, in its sole and absolute discretion and without notice to Subordinate Lender, assign, transfer, mortgage, pledge, hypothecate, encumber and/or sell participations or interests in, directly or indirectly, by operation of law or otherwise, all or any of the Senior Loan or any interest therein (collectively, a "Transfer"), and notwithstanding any such Transfer or subsequent Transfer, the Senior Loan and the Senior Loan Documents shall be and remain a senior obligation in all respects to the Subordinate Debt and the Subordinate Debt Documents in accordance with the terms and provisions of this

Agreement. Senior Lender shall endeavor to deliver to Subordinate Lender written notice of any Transfer; provided, however, that the failure by Senior Lender to deliver such notice shall have no effect on its rights and remedies hereunder. However, the rights of Senior Lender under this Agreement are not transferable to Obligor or to any indemnitor or guarantor of Obligor's obligations or any affiliate thereof.

(b) Subordinate Lender shall not Transfer all or any part of its interest in the Subordinate Debt, or any or all of the Subordinate Debt Documents, without Senior Lenders' prior written consent, which consent may be granted or withheld in its sole and absolute discretion for any or no reason.

12. **Notices.** All notices, demands and requests required or desired to be delivered hereunder shall be in writing and shall be delivered in person, by United States registered or certified mail, return receipt requested, postage prepaid, or by overnight courier addressed as follows:

To Subordinate Lender:
 Vong's Brothers LLC
 3112 Main Ave S
 Renton, WA 98055
 Attention: Con Vong

To Senior Lender:
 Business Relations and Economic Development Section of the Office of
 Strategic Planning and Performance Management Division
 King County
 P.O. Box 94708
 Seattle, Washington 98124-4708
 Attn: Director
 Facsimile: (206) 684-0379

With a copy to Obligor
 White Center Investment Fund, LLC
 c/o U.S. Bancorp Community Development Corporation Asset
 Management

SL-MD-RMCD Project No. 13488
 1307 Washington Avenue, Suite 300
 St. Louis, MO 63101
 Attention: Director of NMTC/HTC Asset Management
 Fascimile: 314.335.2601

And to:
 Bocarsly Emden Cowan Esmail & Arndt LLP
 633 W. 5th Street, 70th Floor
 Los Angeles, CA 90071
 Attention: Eugene G. Cowan
 Fascimile: 213.239.0410

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

13. **Estoppel.** Subordinate Lender shall, within ten (10) days following a request from Senior Lender but no more than once per calendar quarter, deliver to Senior Lender a written statement setting forth the then-current outstanding principal balance of the Subordinate Debt, the aggregate accrued and unpaid interest under the Subordinate Debt, and stating whether to Subordinate Lender's knowledge any default or event of default exists under the Subordinate Debt

14. **Further Assurances.** Unless and until the Senior Loan has been Paid in Full, Subordinate Lender will execute, acknowledge and deliver in recordable form and upon demand, any subordinations or other instruments that Senior Lender reasonably requires to carry out the provisions of this Agreement.

15. **No Third Party Beneficiaries.** The parties hereto do not intend the benefits of this Agreement to inure to Obligor or any other third party.

16. **No Modification.** This Agreement may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of any change is sought.

17. **Successors and Assigns.** This Agreement shall bind all successors and permitted assigns of Subordinate Lender and shall inure to the benefit of all successors and assigns of Senior Lender and permitted successors and assigns of Subordinate Lender.

18. **Counterpart Originals.** This Agreement may be executed in counterpart originals, each of which shall constitute an original, and all of which together shall constitute one and the same agreement.

19. **Legal Construction.** This Agreement shall be governed by, and construed in accordance with Washington law without regard to principles of conflicts of laws.

20. **No Waiver; Remedies.** No failure on the part of Senior Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

21. **No Joint Venture.** Nothing provided herein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between or among the parties hereto.

22. **Conflicts.** In the event of any conflict, ambiguity or inconsistency between the terms and conditions of this Agreement and the terms and conditions of any of the Senior

Loan Documents or the Subordinate Debt Documents, the terms and conditions of this Agreement shall control.

23. **No Release.** Nothing herein contained shall operate to release Obligor from its obligation to keep and perform all of the terms, conditions, obligations, covenants and agreements contained in the Senior Loan Documents and the Subordinate Debt Documents or any liability of Obligor and any guarantor or indemnitor, as applicable, under the Senior Loan Documents and the Subordinate Debt Documents.

24. **Continuing Agreement.** This Agreement is a continuing agreement and shall remain in full force and effect until Payment in Full of the Senior Loan.

25. **Severability.** If any provision of this Agreement or the application hereof to any party hereto shall, to any extent, be invalid or unenforceable under any applicable statute, regulation, or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law, and the remainder of this Agreement and the application of any such invalid or unenforceable provisions to parties, jurisdictions or circumstances other than to whom or to which it is held invalid or unenforceable, shall not be affected thereby nor shall the same affect the validity or enforceability of any other provision of this Agreement.

26. **Attorney Fees.** In the event of any legal action, including any proceeding in bankruptcy, to construe or enforce a provisions of this Agreement, the losing party, as determined by the judge, shall pay the prevailing party's reasonable attorneys' fees, paralegal fees, expert fees, and costs and determined by the judge at trial or upon any appeal or petition for review or in connection with any action for rescission or in connection with any Bankruptcy Action.

27. **Injunction.** Subordinate Lender acknowledges that monetary damages are not an adequate remedy to redress a breach by Subordinate Lender hereunder and would cause irreparable harm to the Senior Lender. Accordingly, upon a breach of this Agreement by Subordinate Lender, the remedies of injunction, declaratory judgment and specific performance shall be available to the Senior Lender.

28. **Mutual Disclaimer.** Each of Senior Lender and Subordinate Lender represents to the other that: (a) it is sufficiently sophisticated in matters related to loans and real estate to understand the effect of this Agreement, and (b) its decision to enter into the Senior Loan and the Subordinate Debt, respectively, is based upon its own independent expert evaluation of the terms, covenants, conditions and provisions of the Senior Loan Documents and the Subordinate Debt Documents and such other matters, materials and market conditions and criteria which each of Senior Lender and Subordinate Lender deem relevant. Each of Senior Lender and Subordinate Lender has not relied in entering into this Agreement and, respectively, the Senior Loan, the Senior Loan Documents, the Subordinate Debt or the Subordinate Debt Documents, upon any oral or written information, representation, warranty or covenant from the other, or any of the other's representatives, employees, affiliates or agents other than the representations and warranties, if any, of the other contained herein. Each of Senior Lender and Subordinate Lender further acknowledges that no employee, agent or representative of the other has been authorized to make, and that each of Senior Lender and Subordinate Lender have not relied upon, any statements, representations, warranties or covenants other than those specifically contained in this

Agreement. Without limiting the generality of the foregoing, each of Senior Lender and Subordinate Lender acknowledges that the other has made no representations or warranties as to the Senior Loan or the Subordinate Debt or the Property or the ability of the Obligor to pay all amounts which may become due from time to time pursuant to the Senior Loan or the Subordinate Debt. Each of Senior Lender and Subordinate Lender acknowledges that the Senior Loan, the Senior Loan Documents, the Subordinate Debt and the Subordinate Debt Documents are distinct, separate transactions and loans, separate and apart from each and that the other was not a party to the negotiations with respect thereto, did not consult with or advise the other with respect thereto and was not in any way a part of its decision to enter into such transaction. Each of Senior Lender and Subordinate Lender acknowledges that the other are distinct separate lenders with distinct and separate loans and that they are not affiliates, but are each separate and distinct lenders with various rights and remedies with respect to the Obligor and its Property, which are not in any respects aligned.

**[Remainder of this page intentionally left
blank; signature page follows]**

IN WITNESS WHEREOF, Senior Lender and Subordinate Lender have executed this Agreement as of the date and year first set forth above.

SENIOR LENDER: KING COUNTY, a Washington municipal corporation

By: _____
Ron Sims
County Executive Business Relations and Economic
Development Section of the Office of Strategic Planning and
Performance Management Division

SUBORDINATE LENDER: VONG'S BROTHERS LLC,
a Washington limited liability company

By: _____
Con Vong
Member / President

[ACKNOWLEDGMENTS FOLLOW]

(Signature page for Subordination and Standstill Agreement)

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Ron Sims is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the County Executive of King County, a Washington municipal corporation to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this ___ day of April, 2009.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Con Vong is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Member and President of Vong's Brothers LLC, a Washington limited liability company, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this ___ day of April, 2009.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at _____

My appointment expires _____

OBLIGORS' ACKNOWLEDGMENT AND AGREEMENT

The undersigned acknowledges receipt of a copy of the foregoing Subordination and Standstill Agreement and agrees to be bound by the terms and provisions thereof, to mark its books and records so as to clearly indicate that the Subordinate Debt and Subordinate Debt Documents are subordinated in all respects to the Senior Loan and the Senior Loan Documents, respectively, in accordance with the terms of such Subordination and Standstill Agreement, to make no payments or distributions contrary to the terms and provisions thereof, and to do every other act and thing necessary or appropriate to carry out such terms and provisions. In the event of any violation of any of the terms and provisions of the foregoing Subordination and Standstill Agreement by reason of any act or omission within the direct or indirect control of Obligor, then, at the election of Senior Lender, any and all obligations of the undersigned to Senior Lender shall forthwith become due and payable. The undersigned further authorizes Senior Lender to rely solely upon a statement from Subordinate Lender as to the status of payment of the Subordinate Debt.

Dated: April __, 2009

OBLIGOR

**WHITE CENTER SQUARE INVESTMENT
FUND, LLC**, a Delaware limited liability company

By: White Center Square Investment Fund, LLC, its
non-member manager

By: _____
Title: Authorized Signatory

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on the ____ day of March, 2009, by
_____ Authorized Signatory of White Center Square Investment Fund,
LLC, , a Delaware limited liability company.

Notary Public for _____
My Commission Expires: _____

SCHEDULE 1

Description of Senior Loan Documents

- (1) Loan Agreement
- (2) Promissory Note in the original principal amount of \$6,250,000.00
- (3) Pledge and Security Agreement
- (4) Collateral Agency Agreement among Obligor, Senior Lender and CDE

SCHEDULE 2

Description of Subordinate Debt Documents

1. Fund Loan Agreement
2. Promissory Note in the amount of \$2,923,783.00
3. Fund Pledge Agreement (the "Subordinate Security Agreement")
4. CDE Control Ageement

ATTACHMENT G

INDENTURE OF TRUST AND CUSTODIAL AGREEMENT

THIS INDENTURE OF TRUST AND CUSTODIAL AGREEMENT is made and dated as of _____, 2009, by and between KING COUNTY, WASHINGTON, a Washington municipal corporation (the "County"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N. A., a national banking association organized and existing under the laws of the United States of America with a corporate trust office in Seattle, Washington, as trustee and as custodian for the United States Department of Housing and Urban Development (collectively, the "Custodian").

RECITALS

WHEREAS, the County is authorized by RCW 35.21.735 to enter into contracts with the United States, to receive and expend funds derived thereunder for lawful purposes, and to enter into loan agreements with the United States which establish the terms under which such loans will be repaid; and

WHEREAS, the County, acting by and through its Business Relations and Economic Development Section of the Office of Strategic Planning and Performance Management Division ("BRED"), with County Council approval, has entered into two Contracts for Loan Guarantee Assistance with HUD, each dated April __, 2009 (collectively, the "2009 HUD Contract"), and may in the future enter into one or more similar HUD Contracts to be administered, at the option of the County, pursuant to the terms of this Indenture (together with the 2009 HUD Contract, collectively referred to herein as the "HUD Contracts"); and

WHEREAS, pursuant to the HUD Contracts, the County will derive funds for the purposes permitted thereunder, and in connection with each such HUD Contract, will execute and deliver a County Note in a maximum principal amount as permitted by the relevant HUD Contract, including without limitation the County Note to be executed and delivered in connection with the 2009 HUD Contract in the maximum principal amount of \$6,250,000 (the "2009 County Note," and together with any County Note executed and delivered for administration hereunder, the "County Notes"); and

WHEREAS, any County Note executed in future pursuant to any such HUD Contract and which the County elects to administer under the terms of this Indenture will be executed and delivered in a maximum principal amount as permitted by such HUD Contract, whether or not such maximum principal amount is expressed in this Indenture; and

WHEREAS, the County, acting by and through BRED, will enter into separate Loan Agreements with each Obligor for the purpose of establishing the terms and conditions upon which Guaranteed Loan Funds derived from the proceeds of County Notes shall be disbursed to such Obligors, and pursuant to which (a) each Obligor will execute an Obligor Note to the County, and, as applicable under the relevant HUD Contract, a Deed of Trust and other security instruments for the benefit of the County (together, the "Security"); and (b) the County will lend the Obligors Guaranteed Loan Funds derived from the proceeds of the applicable County Note; and

WHEREAS, the County, with the consent of HUD, may desire to fund loans with the proceeds of a County Note to an Obligor on a periodic basis, subject to the submission by any such Obligor of requisitions in a form and in an amount approved by the County; and

WHEREAS, HUD Contracts, as applicable, require that the proceeds of any County Note entered into by the County be held separate and apart from other County funds, including without limitation other County funds disbursed as loans to the same or other Obligors under the 2009 HUD Contract and any HUD Contract issued in future, and that such proceeds be invested in accordance with the applicable HUD Contract prior to disbursement to Obligors; and

WHEREAS, the HUD Contracts require that the County assign or cause the assignment of the Security to HUD and that such security shall be deposited with a custodian on behalf of HUD; and

WHEREAS, the County, with the consent of HUD, may desire to fund loans to one or more Obligors on condition that certain additional Security (as defined hereinafter) be delivered to the Custodian by or on behalf of any such Obligor subsequent to the Closing Date of such Obligor's loan; and

WHEREAS, the County desires that the Custodian (a) receive funds from HUD pursuant to the 2009 HUD Contract and any other HUD Contract administered hereunder, (b) disburse proceeds of the 2009 County Note and any future County Note administered hereunder to the respective Obligors under Obligor Notes, (c) collect payments under the Obligor Notes, (d) use the money derived from repayment of any Obligor Note to make payments on the relevant County Note, (e) act as custodian of the Security on behalf of HUD, and (f) act on behalf of the County to enforce the Security in the event of a default under the Obligor Notes under certain circumstances specified herein; and

WHEREAS, in order to establish and declare the terms and conditions upon which the proceeds of the County Note and repayments of the Obligor Notes are to be invested and disbursed and the Security shall be held in the custody of the Custodian, the County has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

The County, in consideration of the premises and the acceptance by the Custodian of the trusts hereby created and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the County Notes administered hereunder, and under certain circumstances specified herein, the Obligor Notes, according to their tenor and effect, and to secure the performance and observance by the County of all the covenants expressed or implied herein and in each County Note, does hereby bargain, sell, convey, mortgage, assign, pledge and grant, without recourse, to the Custodian and its successors and assigns in trust and until final payment and discharge of the indebtedness evidenced by each and every County Note administered hereunder and all Administrative Fees and Expenses and Custodian Fees, unless this Custodial Agreement is earlier terminated, with the prior written consent of HUD if such consent is required under the HUD Contract:

I.

All funds and accounts now or hereafter established under this Indenture and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in this Indenture);

II.

Any and all property of every kind and nature from time to time hereafter conveyed, pledged, assigned or transferred by delivery or by writing of any kind, as and for additional security for payment of this Indenture hereunder by the County or by anyone on or in its behalf to the Custodian, which is hereby authorized to receive the same at any time as security hereunder;

III.

All rights and interest of the County in and to the Trust Estate as now or hereafter established;

IV.

All moneys and securities from time to time held by the Custodian as a portion of the Trust Estate under the terms of this Indenture (but not as custodian on behalf of HUD) and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind conveyed,

mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on or in its behalf, or with its written consent, to the Custodian which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

V.

To the extent not covered hereinabove, all proceeds of all of the foregoing;

TO HAVE AND TO HOLD all and singular, the Trust Estate, whether now owned or hereafter acquired;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the security and protection of HUD and the County, subject to the provisions hereof;

PROVIDED, HOWEVER, that the proceeds of any County Note allocable to an Obligor Note, all funds received on the sale of any County Note or on the payment of any Obligor Note which must be held in a Guaranteed Loan Funds Account, Loan Repayment Account, or other account which the County is required to establish under the HUD Contract, shall be held by the Custodian in separate subaccounts and used and applied only in connection with the Obligor Note and County Note for which such subaccount is established, it being the intention of the parties that the funds received by the Custodian, whether from the proceeds of the sale of the County Note, in repayment thereof, or otherwise with regard to any separate loan evidenced by an Obligor Note be treated as though held in a separate trust or subtrust under the provisions of this Indenture; provided that, notwithstanding anything to the contrary contained herein, the Custodian shall not be required to establish such subaccounts so long as the 2009 County Note is the only outstanding County Note administered under the terms of this Indenture, and any reference to subaccounts so long as the 2009 County Note is the only such outstanding County Note shall be of no force or effect;

PROVIDED, FURTHER, that if the County, its successors or its assigns shall well and truly pay, or cause to be paid, the principal of and interest on the County Note due or to become due thereon, at the times and in the manner mentioned in the County Note and as provided in the Fiscal Agency Agreement, according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article IV hereof, or shall provide for the payment thereof in accordance with the Fiscal Agency Agreement, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of any County Note to be kept, performed and observed by it, and shall pay or cause to be paid to the Custodian sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in any HUD Contract, the Fiscal Agency Agreement and Article IX hereof, any such County Note and the rights hereby granted as to such County Note shall cease, terminate and be void, and the Custodian shall thereupon cancel and discharge the County Note and execute and deliver to the County, such instruments in writing as shall be requisite to evidence the discharge thereof.

THIS INDENTURE FURTHER WITNESSETH, that the County does hereby covenant and agree with the Custodian, and the Custodian does hereby agree as the custodian and trustee hereunder, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture (including the Recitals and Granting Clauses) and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Accounts" means the accounts created and established pursuant to this Indenture, including, but not limited to, the Guaranteed Loan Funds Account, Guaranteed Loan Funds Investment Account, the Loan Repayment Account and the Loan Repayment Investment Account, the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in this Custodial Agreement) and shall include any subaccounts created thereunder pursuant to the terms of this Indenture.

"Administrative Fees and Expenses" means all application, commitment, financing or similar fees charged, or reimbursement for administrative or other expenses (including reasonable attorneys' fees) incurred by the Custodian pursuant to this Indenture following an Event of Default hereunder.

"Authorized Representative" means with respect to the County, the director of BRED (the "Director"), any designee of the Director pursuant to written authorization of the Director delivered to the Custodian, or any other officer or any other person or persons designated as an Authorized Representative of the County by an ordinance or resolution of the County Council filed with the Custodian.

"Business Day" means any day other than a Saturday, a Sunday, a day on which banking institutions in the State of Washington or New York are required or authorized to remain closed, or a day on which the Federal Reserve Bank of New York and the New York Stock Exchange are closed.

"Closing Date" means as to each Obligor Note, the date on which the initial advance is made under the applicable County Note to fund such Obligor Note.

"County" means King County, Washington, a Washington municipal corporation, and for purposes of this Indenture, acting through BRED.

"County Note" means a note of the County, including without limitation the 2009 County Note, each of which shall be issued pursuant to a HUD Contract in the maximum principal amount specified to the Custodian by the County on the respective Closing Date as the maximum principal amount permitted under such HUD Contract, and any extensions or replacements thereof in accordance with such HUD Contract; and "County Notes" means collectively, all or some of the County Notes administered hereunder, as the context may require. References to "County Notes" herein, unless otherwise specified, shall only refer to County Notes elected by the County to be administered under the terms of this Indenture.

"Custodian" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America and regulated by the Federal Deposit Insurance Corporation, with a corporate trust office in Seattle, Washington, or its successor, as Custodian hereunder as provided in Section 4.01.

"Custodian Fees" means, with respect to the 2009 County Note, the acceptance fee of \$1,500 due on the Closing Date with respect to the 2009 County Note and the annual fees of the Custodian in the amount of \$1,500, payable in advance on such Closing Date and each anniversary of such date thereafter, so long as such County Note remains outstanding, and, with respect to any future County Note administered hereunder, similar fees payable on the Closing Date with respect thereto and on each anniversary thereof so long as any such County Note remains outstanding.

"Deed of Trust" means any deed of trust granted for the benefit of the County to secure an Obligor Note, and "Deeds of Trust" means, collectively, all of such Deeds of Trust.

"Deposit Date" means, when used in connection with any Obligor Note, the definition assigned to such term by the related Loan Agreement.

"Event of Default" means any of the events specified in Section 6.01 hereof.

"Fiscal Agent" means The Bank of New York Mellon, a New York banking corporation, and any successor under the Fiscal Agency Agreement.

"Fiscal Agency Agreement" means the Amended and Restated Master Fiscal Agency Agreement dated as of May 17, 2000 among the Secretary of Housing and Urban Development and The Bank of New York Mellon, as successor Fiscal Agent, as the same shall be amended and supplemented from time to time.

"Government Obligations" means direct obligations of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds-State and Local Government Series, or certificates of ownership of the principal of or interest on direct obligations of, or obligations

unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

"Guaranteed Loan Funds Account" means the special account of that name created pursuant to Section 4.01 hereof.

"Guarantor" means, with respect to any Obligor Note, a Person who guarantees payment thereof pursuant to a Guaranty.

"Guaranty" means, with respect to any Obligor Note for which the County has required one, an unconditional guaranty of payment, executed by one or more Guarantors in favor of the County.

"HUD" means the United States Department of Housing and Urban Development, acting through its Secretary.

"HUD Contract" means any Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5308 between the County and HUD with respect to any County Note administered hereunder at the election of the County, including without limitation the two contracts each dated April __ 2009, comprising the 2009 HUD Contract.

"Indenture" means this Indenture of Trust and Custodial Agreement, as originally executed or as it may be supplemented, modified or amended from time to time by any Supplemental Indenture, unless in the case of one or more Supplemental Indentures, the context requires otherwise.

"Investment Earnings" means all earnings derived from the investment of money held in any Accounts established under this Indenture.

"Loan Agreement" means an agreement or agreements between the County and an Obligor with respect to, among other things, the related Obligor Note and the Security therefor; and "Loan Agreements" means collectively, all of such Loan Agreements.

"Loan Repayment Account" means the special fund so designated and established by Section 4.01 of this Indenture.

"Obligor" means the maker of and payor under any Obligor Note to the County.

"Obligor Note" means a note of an Obligor made or assigned to the Custodian on behalf of the County and assigned hereunder to HUD, evidencing a loan of any County Note proceeds made under the related Loan Agreement; and "Obligor Notes" means, collectively, all or some of the Obligor Notes administered hereunder, as the context may require. References to "Obligor Notes" herein, unless otherwise specified, shall only refer

to Obligor Notes related to County Notes which the County has elected to be administered under the terms of this Indenture.

"Outstanding" when used as of any particular time with reference to any County Note administered hereunder, means such County Note except (1) if theretofore canceled by the County or surrendered to the County for cancellation, (2) with respect to which all liability of the County shall have been discharged in accordance with the Fiscal Agency Agreement, and (3) for the transfer or exchange of or in lieu of or in substitution for which another Note shall have been authenticated and delivered by the Fiscal Agent.

"Payment Date" means each date on which interest or principal on any County Note is due and payable.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Secretary" means the Secretary of HUD.

"Security" means the security documents evidencing or granting a security interest in property as security for the Obligor Notes, including without limitation, the Loan Agreements, the Obligor Notes, the Deeds of Trust and any other documents included in the definition of "Security Documents" in the HUD Contract.

"State" means the State of Washington.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the County and the Custodian, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Trust Estate" means the trust estate pledged and assigned by the County and described in the Granting Clauses of this Indenture; provided that, the Trust Estate shall not include the Security so long as it is held by the Custodian as custodian on behalf of HUD; and provided further that, at such time as a portion of the County Note is paid in full in accordance with the Fiscal Agency Agreement but amounts are owed to the County under the related Obligor Note, upon release of the Security for such Obligor Note by HUD, such Security shall become a part of the Trust Estate to secure payment of such Obligor Note.

"2009 HUD Contract" means, collectively, the two Contracts for Loan Guarantee Assistance dated April __ 2009, under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5308 between the County and HUD with respect to the 2009 County Note pursuant to the Loan Guarantee Commitment dated as of _____, 2009.

SECTION 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(d) This Indenture means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by any Supplemental Indenture, unless in the case of one or more Supplemental Indentures the context requires otherwise.

(e) The 2009 HUD Contract and the Fiscal Agency Agreement, copies of which have been received by the Custodian, are hereby incorporated herein by reference. Upon delivery to the Custodian of a copy of any HUD Contract elected by the County to be administered hereunder, such HUD Contract shall be incorporated herein by this reference. The terms of the Fiscal Agency Agreement delivered hereunder in connection with the 2009 HUD Contract shall apply to any future HUD Contract delivered hereunder unless and until an amended or supplemented Fiscal Agency Agreement is delivered to the Custodian by the County. In the event of any conflict, contradiction or inconsistency between the terms of this Indenture and any HUD Contract, or between the terms of the Fiscal Agency Agreement and this Indenture, the terms of such HUD Contract, or the Fiscal Agency Agreement, as the case may be shall prevail over this Indenture unless waived in writing by HUD; provided, that neither any HUD Contract nor any Fiscal Agency Agreement shall be construed to enlarge the duties, obligations or liabilities of the Custodian without the prior written consent of the Custodian.

(f) In accordance with any HUD Contract, the County and the Custodian will enter into one Letter Agreement for Section 108 Loan Guarantee Program Account, and one Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account, in the forms attached hereto as Exhibit A and B, respectively (or any successor form of Letter Agreements under any HUD Contract) (collectively, the "Letter Agreements") with respect to each such HUD Contract, including without limitation the 2009 HUD Contract irrespective of the fact that the 2009 HUD Contract is comprised of two Contracts for Loan Guarantee Assistance. This Indenture is intended to amplify the

provisions of the Letter Agreements and insofar as possible, the Letter Agreements and this Indenture should be read and interpreted together as a single document. Similar Letter Agreements shall be entered into with respect to any future HUD Contract administered hereunder as may be required by such HUD Contract.

SECTION 1.03. Indenture and County Note Constitute a Contract: Pledge. In consideration of the guarantee of any County Note by HUD and to the extent provided herein: (a) this Indenture shall be deemed to be and shall constitute a contract between the County and the Custodian and for the benefit of HUD; (b) the pledge and assignment made herein and duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the County shall be for the benefit, protection and security of HUD; (c) the County, as security for the payment of the principal of, and the interest on, any County Note and as security for the observance and performance of any other duty, covenant, obligation or agreement of the County under any County Note all in accordance with the provisions thereof and hereof, does hereby grant, bargain, sell, convey, pledge, assign and confirm to the Custodian the Trust Estate, (d) the pledge made hereby is valid and binding from the time when the pledge is made and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County irrespective of whether such parties have notice thereof; and (e) each County Note shall be a special obligation of the County payable from and secured exclusively by a pledge of the Trust Estate as provided herein and amounts specifically pledged to HUD under the HUD Contract.

ARTICLE II

THE COUNTY NOTE

SECTION 2.01. Delivery of County Note and Assignment of Security.

(a) Pursuant to the HUD Contract and contemporaneously with the execution of this Indenture, the County will execute and deliver the 2009 County Note to the Custodian. The County shall thereafter execute and deliver to the Custodian any County Note elected to be administered hereunder. On or prior to the Closing Date with respect to any Obligor Note related to a County Note, the Custodian, on behalf of the County, will receive the funds provided for in the HUD Contract required to fund such Obligor Note and the following documents with respect to each such County Note:

- (i) an executed copy of the HUD Contract(s);
- (ii) an executed copy of the Fiscal Agency Agreement,
- (iii) a copy of the executed related Obligor Note, endorsed in blank and without recourse by the County;

(iv) an original, counterpart of the related Loan Agreement, together with an assignment thereof by the County in favor of HUD,

(v) the related original recorded Deed of Trust(s), together with an unrecorded assignment of the beneficiary's interest therein by the County to the Secretary; provided, that any such Deed of Trust may be deemed by the County to be additional Security to be delivered after the relevant Closing Date subject to the provisions of Section 2.1(a)(vi), if otherwise permitted by HUD, and

(vi) any additional Security for the related Obligor Note; provided, that any additional Security which the related HUD Contract allows or requires to be delivered to the County subsequent to the Closing Date for any particular Obligor loan, or to which subsequent delivery HUD has otherwise agreed to the satisfaction of the County, shall be delivered to the Custodian within ten (10) days of the delivery of such Security to the County by or on behalf of the Obligor; and provided further, that the Custodian's duty under this subsection shall be limited to those duties described in Section 2.01(c) hereof and the Custodian otherwise shall have no duty or responsibility to monitor or otherwise inquire into the Obligor's or the County's compliance with this subsection (vi).

(b) The proceeds, including accrued interest, if any, of a County Note shall be applied simultaneously with the delivery of the related Obligor Note as follows:

(i) There shall be deposited in the subaccount in the Loan Repayment Account related to such County Note, the amount, if any, equal to the sum of the interest accrued and to accrue on the County Note to the Closing Date for such Obligor Note;

(ii) The remaining balance of the proceeds of the County Note shall be deposited in the subaccount in the Guaranteed Loan Funds Account related to such County Note, and disbursed to pay costs of the related project in accordance with the related Loan Agreement.

(c) The County hereby authorizes and instructs the Custodian on its behalf to issue to HUD a receipt for any Security in a form approved by HUD and to hold the Security as custodian on behalf of HUD outside of the Trust Estate in accordance with Article III hereof.

SECTION 2.02 Terms of County Note.

(a) Payments of each County Note shall be made by the Custodian in accordance with its terms and the provisions of the Fiscal Agency Agreement exclusively from funds available therefor in the Loan Repayment Account; provided that payments with respect to any County Note shall be made only from the subaccount, if any, of the Loan Repayment Account related to such County Note. The Custodian may determine that the County Note has been paid in full only upon receipt of written notice from the Fiscal Agent or HUD to that effect.

(b) In accordance with each HUD Contract, the Custodian shall remit to the Fiscal Agent, the interest and principal due in immediately available funds. The Custodian shall not be obligated to make any payment of principal or interest on any County Note except from moneys in the funds held hereunder or received from or on behalf of the County derived from payments made on the related Obligor Note, and shall not be obligated to advance any of its own funds in furtherance of any activities or duties hereunder.

ARTICLE III

CUSTODY OF SECURITY

SECTION 3.01. Custodian of Security.

(a) The Custodian shall act on behalf of HUD as custodian of the Security. The Custodian shall segregate and maintain continuous custody and control of all documents comprising the Security deposited with it on behalf of HUD, in secure and fire resistant facilities, in accordance with customary standards for such storage; provided, that upon full and final payment of a County Note in accordance with the related HUD Contract and the Fiscal Agency Agreement, the Custodian shall release that portion of the Security allocable to such County Note in accordance with the terms of the County Note and the related Loan Documents.

(b) At any reasonable time, the Custodian shall make available for examination and audit by representatives of the County, HUD and/or any Obligor (but as to such Obligor, only as to Security relating to its Obligor Note), all documents comprising the Security in the custody of the Custodian.

(c) Upon notice to the Custodian by HUD that a default has occurred under the HUD Contract, the Custodian shall comply with such requirements as HUD shall make with respect to delivery of the Security, including, but not limited to, the delivery to HUD or its designees of all documents comprising the Security in the Custodian's custody. If, following such a default under the HUD Contract, HUD elects to assume or transfer the duties and obligations of the County and elects to continue the custodial relationship with the Custodian hereunder, the Custodian agrees to continue its custodial obligations herein for HUD for a reasonable time on the same terms and conditions as set forth herein; provided, that in no event shall HUD be obligated to pay compensation or fees for the holding or release of any document during such reasonable period. If, however, HUD elects to terminate this custodial relationship, the Custodian shall comply with the provisions of this election by HUD.

(d) Upon notice by the County to the Custodian, as custodian of the Security, that a default has occurred under any Obligor Note, and upon the written approval of HUD and receipt of reasonable indemnity against anticipated expenses and liability to its satisfaction (including but not limited to liability under applicable environmental laws)

(which indemnity, at the option of the Custodian, is a condition precedent to its duties hereunder) the Custodian shall, in its own name and as the trustee of an express trust, take any or all of the actions specified in Section 6.02 hereof. The net proceeds derived from any such actions of the Custodian after payment of the fees and expenses of the Custodian (including without limitation reasonable attorneys' fees) shall be deposited hereunder in the subaccount of the Loan Repayment Account related to such defaulted Obligor Note, for the benefit of HUD and as security for the portion of the County Note allocable to such Obligor Note, and shall become a part of the Trust Estate.

(e) At such time as a County Note is paid in full in accordance with Section 2.02(a), the Custodian shall no longer act as custodian on behalf of HUD as to such County Note, and the Security held as security therefor shall become part of the Trust Estate without further act by the County or any Obligor for the benefit of the County, to be disposed of in accordance with this Indenture.

(f) Notwithstanding anything herein to the contrary, and so long as any such Security is held for the benefit of HUD, the Custodian shall not dispose of or take any action with respect to the Security without the written consent of HUD, except as may be necessary to maintain custody of such Security as custodian and trustee for HUD.

ARTICLE IV

FUNDING AN OBLIGOR LOAN; PAYMENT OF PRINCIPAL OF AND INTEREST ON THE COUNTY NOTE

SECTION 4.01. Creation of Accounts. The following accounts and subaccounts (to the extent such subaccounts are required hereunder) are hereby and shall be created and established with the Custodian as to the County Notes, to be held in trust and maintained separate and apart from all other funds and accounts of the Custodian:

(a) A Guaranteed Loan Funds Account, including therein a subaccount for each County Note;

(b) A Loan Repayment Account, including therein a subaccount for each County Note;

(c) A Guaranteed Loan Funds Investment Account, including therein a subaccount for each County Note; and

(d) A Loan Repayment Investment Account, including therein a subaccount for each County Note.

Each of the accounts and subaccounts created by this Indenture is hereby pledged to, and charged with, the payment of the principal and interest on the County Note as the same shall become due; provided, that each such subaccount shall be held only as security for

the related County Note and shall not be available for the payment of any other County Note.

The Custodian may, in its discretion, establish such additional accounts and subaccounts within any of the accounts, as the Custodian may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that account, or for the purpose of complying with the requirements of the HUD Contract, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of any County Note with respect to a deposit or use of money in the accounts, or result in commingling of funds not permitted hereunder.

SECTION 4.02. Guaranteed Loan Funds Account. The proceeds of each County Note (less accrued interest, if any) shall be deposited in the Guaranteed Loan Funds Account and credited to the related subaccount, and shall be used to fund the related Obligor Note. The amounts in each subaccount of the Guaranteed Loan Funds Account, until applied as hereinafter provided, shall be held as security for payment of a related County Note; and no amount in any other subaccount of the Guaranteed Loan Funds Account shall constitute or be held as security for such County Note. The Custodian shall make payment from each subaccount of the Guaranteed Loan Funds Account of the entire amount or of such lesser amount deposited therein if periodic draws are permitted by the County, in accordance with written instructions delivered to the Custodian by the County from time to time, signed by its Authorized Representative, in the form attached hereto as Exhibit C and incorporated by reference herein; provided, that the Custodian may rely solely on such Exhibit C in advancing funds to or on behalf of any Obligor hereunder and shall have no duty or liability with respect to any requisition or other documents delivered by any Obligor to the County in connection with such Exhibit C.

SECTION 4.03. Establishment of Guaranteed Loan Funds Investment Account. The Custodian shall transfer from each subaccount of the Guaranteed Loan Funds Account to the related subaccounts of the Guaranteed Loan Funds Investment Account, any proceeds of the County Note and any Investment Earnings thereon that are required to be invested in Government Obligations pursuant to the HUD Contract, and shall hold and invest any funds in such subaccount in Government Obligations in accordance with Section 4.09 hereof. All funds held in any subaccount of the Guaranteed Loan Funds Investment Account shall be held for credit to the related subaccount of the Guaranteed Loan Funds Account.

SECTION 4.04. Loan Repayment Account.

(a) The Custodian shall deposit the following sums into the related subaccount of the Loan Repayment Account:

(i) On the Closing Date with respect to any Obligor Note, all amounts derived from accrued interest required to be deposited therein pursuant to Section 2.01(b)(i) of this Indenture, if any;

(ii) As received, all Investment Earnings on the amounts credited to such subaccount in the Loan Repayment Account;

(iii) All moneys received from the related Obligor under the related Obligor Note; and

(iv) Net proceeds received upon any foreclosure under the Security for such Obligor Note and County Note, after payment of the costs and expenses of the foreclosure, including without limitation, any and all of the Custodian's expenses and costs and reasonable attorneys' fees.

Upon receipt of written notice from the Fiscal Agent of the rate and amount of interest to become due and payable on any County Note, the Custodian shall mail notice to the related Obligor, with a copy to the County, of the corresponding amount owed by such Obligor under such Obligor Note, together with notice of the time or times by which such amount or amounts is due to the Custodian in accordance with the related Loan Agreement and/or such Obligor Note.

(b) The County hereby authorizes and directs the Custodian to withdraw money from each subaccount of the Loan Repayment Account in accordance with the HUD Contract no later than the seventh Business Day prior to each Payment Date in amounts sufficient to pay the principal of and interest on the County Note for which such subaccount was established as the same shall become due and payable on such Payment Date. Moneys in each subaccount shall be used solely for the payment of the principal of and interest on the County Note as to which such subaccount was created as the same shall become due and payable at maturity, upon redemption or acceleration or otherwise, and the lien of HUD on such moneys created by the Granting Clauses hereof shall be first and prior to the lien of any other Person thereon.

(c) The moneys credited to the subaccount in the Loan Repayment Account for the County Note related to each Obligor Note shall not be commingled, except for investment purposes pursuant to Section 4.09, with any other moneys held by the Custodian under the County Note. Any amounts in a Loan Repayment Account remaining after County Note is fully paid and after all related amounts due to HUD and all related fees and expenses of the Custodian have been paid, shall be deposited in the related subaccount in the Guaranteed Loan Funds Account subject to the further direction of the County, with the consent of HUD, or, with the consent of HUD, paid to the County. Obligor has irrevocably assigned all of its right, title and interest in funds deposited in the subaccount of the Loan Repayment Account and Loan Repayment Investment Account related to its Obligor Note, to the Custodian and the County, and shall have no residual interest in any portion of said accounts.

SECTION 4.05 Loan Repayment Investment Account. The Custodian shall transfer from each subaccount of the Loan Repayment Account to the related subaccount of the Loan Repayment Investment Account, any funds deposited in the Loan Repayment

Account that are not promptly paid to the holder of the County Note and any Investment Earnings thereon, which funds are required to be invested in Government Obligations pursuant to the HUD Contract. The Custodian shall hold and invest any such funds in the Loan Repayment Investment Account in Government Obligations in accordance with Section 4.09 hereof. All funds held in any subaccount of the Loan Repayment Investment Account shall be held for credit to the related subaccount of the Loan Repayment Account.

SECTION 4.06 RESERVED.

SECTION 4.07. Liens. Except as permitted under a County Note, the County shall not pledge as security for any other obligation, the accounts and moneys held pursuant to such County Note.

SECTION 4.08. Moneys Held in Trust. All moneys required to be deposited with or paid to the Custodian for deposit into the Accounts established under any provisions hereof, and all moneys withdrawn from said Accounts and subaccounts therein and held by the Custodian shall be held by the Custodian in trust. Such moneys shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 4.09. Investment of Money. All money held in the subaccounts of the Loan Repayment Investment Account and the Guaranteed Loan Funds Investment Account shall be invested by the Custodian upon written instructions of the County in Government Obligations, , having maturities that are consistent with cash requirements for the payment of principal of and interest on the related County Note for which the subaccount was created. In no event shall the maturities of such investments exceed one year.

The County may give the Custodian additional limitations or requirements with respect to any County Note that are consistent with the fiduciary duties of the Custodian as described in and limited by such County Note. The Custodian shall have no obligation to approve or disapprove of any such direction and shall suffer no liability whatsoever in following such direction.

In the absence of direction from the County, the Custodian shall invest all money on hand in the funds or accounts established hereunder in Government Obligations for the benefit of the County or HUD, subject to the limitations set forth in the first paragraph of this Section 4.09.

The Custodian shall provide timely reports to the County, to the respective Obligors, and as by applicable law required, the Internal Revenue Service and/or other governmental entities, concerning investment earnings. Gains and losses in any account allocable to a particular Obligor shall be reported under such Obligor's federal tax identification number; provided, that the Custodian may rely without independent

investigation or verification on the federal tax identification number provided to it in writing by any Obligor.

The County, and each Obligor by its execution of any Loan Agreement, acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the County or such Obligor the right to receive brokerage confirmation of security transactions as they occur, the County and each Obligor, as applicable, specifically waives receipt of such confirmations to the extent permitted by law.

ARTICLE V

GENERAL COVENANTS

SECTION 5.01. Nature of Security. Each County Note is a special obligation of the County payable only from the special funds established therefor under the County Note

The County shall record, or cause to be recorded, each Deed of Trust securing any Obligor Note in the real property records of King County, Washington, and shall file UCC Financing Statements in Olympia, Washington or such other applicable filing office as necessary to perfect the security interests granted in the Security. The County hereby acknowledges its duty under Section 15. (f) of the standard form of HUD Contract, as amended from time to time, to perfect and maintain the perfection of any security interests granted to the County by any Obligor.

The County shall promptly cause to be paid, solely from the sources stated herein, the principal of and interest on the County Note at the place, on the dates and in the manner provided herein and in the County Note according to the true intent and meaning thereof.

The Custodian shall have no duty or responsibility whatsoever for recording or filing any such Deeds of Trust, and shall have no duty or responsibility to file financing statements or continuations of any financing statements except as otherwise expressly provided herein. The Custodian shall notify the County in writing, with a copy to the Obligor, as applicable, of the pending expiration of any such financing statement or continuation thereof no later than 90 days prior to such expiration; provided, that such duty to notify either the County or the Obligor shall extend to only those financing statements or continuations thereof as to which the Custodian has received actual written notice, which written notice shall include a copy of any financing or continuation statements that are the subject of such notice, at its notice address provided under Section 10.05 hereof at least 120 days prior to such expiration. Upon written request of the County to the Custodian at its notice address at least 60 days prior to any such expiration, the Custodian shall request the County or the Obligor, as applicable, to execute (if such execution is required for any such filing) and the Custodian shall file in a timely manner (but only if received from the County or the Obligor, as applicable, if execution by the

County or the Obligor, as applicable, is necessary) any such expiring financing or continuation statements; provided, that the Custodian shall not be responsible for any initial filings of any financing statements, or the absence thereof, or the information contained therein (including the exhibits thereto), the perfection of any such security interests or the accuracy or sufficiency of any description of collateral in such initial filings; and provided further, that unless the Custodian shall have been notified in writing by the County that any such initial filing or description of collateral was or has become defective, the Custodian shall be fully protected in relying on such initial filing in filing any financing or continuation statement(s) pursuant to this Section 5.01. Any expenses, including legal fees, incurred in preparing and filing any such statements shall be paid by the County as an expense of the Trust Estate hereunder.

SECTION 5.02. Performance of Covenants of the County, Representations. The County shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in any County Note and in all proceedings pertaining thereto. The County represents that it is duly authorized under the Constitution and laws of the State to issue each County Note administered hereunder, to enter into such County Notes and to pledge and assign to the Custodian the Trust Estate, and that each County Note in the hands of the owner(s) thereof is and will be a valid and binding special limited obligation of the County.

In accordance with RCW 35.21.735, each County Note, and any payments or obligations under the related HUD Contract, and any documents or agreements relating thereto, including, without limitation, this Indenture, shall be a valid claim only against and payable solely from, the accounts held by the Custodian as security therefor and from the security pledged therefor under the related HUD Contract, and shall not be an obligation of the County or the State, and neither the faith and credit nor the taxing power of the County or State or any municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium, if any, on any County Note or for any amounts due under the related HUD Contract, any Obligor Note or any documents or agreements relating thereto, including, without limitation, this Indenture and the Fiscal Agency Agreement. Nothing herein shall constitute a debt or indebtedness of the County payable from public funds within the meaning of any constitutional or statutory limitation on the incurring of debt.

The County shall pay or cause to be paid all Administrative Fees and Expenses and the Custodian Fees and hereby instructs the Custodian to send invoices with respect thereto to each Obligor for payment of its applicable share thereof as requested by the County in writing; provided, that in lieu of any such invoice to an Obligor, the Custodian is hereby authorized to withdraw from interest and/or investment earnings on the applicable subaccount of the Loan Repayment Investment Account (or from the Loan Repayment Investment Account in the event such subaccounts are not required hereunder) up to the amount of its annual fee and any other fees and expenses to which it is entitled hereunder with respect to each Obligor, and if such interest and/or investment earnings are insufficient to pay in full the Custodian's fees and expenses then due and payable with respect to any such Obligor, the Custodian shall send an invoice with

respect thereto to the applicable Obligor for payment thereof; provided, that the fees and expenses of the Custodian hereunder due and payable as of the Closing Date with respect to any County Note shall be paid on such Closing Date. The Custodian shall notify the County in the event such Obligor fails to pay or cause to be paid any invoice in full within ten days of its mailing by first class mail.

SECTION 5.03. Maintenance of Corporate Existence: Compliance With Laws. The County shall at all times maintain its existence, and it shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body known to it to be applicable to this Indenture.

SECTION 5.04. Further Instruments. At the expense of the County, the County shall, upon the request of the Custodian, from time to time execute and deliver such further instruments as may be reasonable and as may be required to carry out the purposes of this Indenture.

SECTION 5.05. Lien Release. Within 60 days after the County pays or causes to be paid to the holder of any County Note the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in such County Note, the County shall provide and the Custodian and the County shall record such instruments as shall be necessary to release the lien of HUD against the Security held as security therefor.

SECTION 5.06. Disposal of Properties. Neither the County nor the Custodian shall sell, mortgage, lease or otherwise dispose of the properties subject to the Security except as provided in the Security.

SECTION 5.07. Moneys to Be Held in Trust. Except as otherwise provided herein, all moneys required to be deposited with or paid to the Custodian for the account of any subaccount established in accordance with this Indenture shall be held in trust for HUD and shall constitute part of the Trust Estate while held by the Custodian.

SECTION 5.08. Statements. The Custodian shall provide to HUD and the County by the fifteenth day of each month, a written statement showing the balance of the funds in each subaccount of the Loan Repayment Account, Loan Repayment Investment Account, Guaranteed Loan Funds Account, and Guaranteed Loan Funds Investment Account, and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the investments therein. Contemporaneously, the Custodian shall further provide copies of such written statements relating only to the subaccounts established for any particular Obligor Note, to the related Obligor.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 6.01. Events of Default. The following events shall be Events of Default:

(a) Default by the County in the observance of any of the covenants, agreements or conditions on its part in any County Note contained, if such default shall have continued for a period of 60 days after receipt of written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the County by the Custodian; provided, that any such default with respect to one County Note shall not in and of itself constitute a default or Event of Default with respect to any other County Note;

(b) The failure of the County to pay or cause to be paid any Custodian Fee or Administrative Fees and Expenses which failure continues for at least 30 days following written notice thereof by the Custodian to the County; or

(c) Written notice to the Custodian from the County of an event of default (however defined) under the Security for any Obligor Note, but only after the Security shall have become part of the Trust Estate.

Upon an Event of Default the Custodian may resign and/or take any action at law or in equity to enforce the provisions of this Indenture in accordance with Section 6.05 hereof. The Custodian shall notify the County, HUD and the Fiscal Agent of any Event of Default.

SECTION 6.02. Default in Obligor Note. If any default shall occur under an Obligor Note or any Security therefor, then, and in each and every such case during the continuance of any such default of which the Custodian has actual notice, the Custodian shall notify the County, the Obligor in default and HUD, and upon the written direction of (i) the County, with the written consent of HUD so long as the County Note remains outstanding and is not in default, or (ii) HUD, so long as the County Note remains outstanding and is in default, subject to receipt by the Custodian of reasonable indemnity against anticipated expenses and liability to its satisfaction (including but not limited to liability under any applicable environmental laws) (which indemnity, at the option of the Custodian, is a condition precedent to its duties hereunder), the Custodian shall, in its own name and as the trustee of an express trust take any or all of the following actions:

(a) Proceed against the Guarantor under the related Guaranty, if any;

(b) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the County and HUD and require the County to carry out any agreements with or for the benefit of HUD and to perform its duties under this Indenture, provided, that any such remedy may be taken only to the extent permitted under the applicable provisions of the Security or this Indenture, as the case may be, and only with respect to the County Note as to which such Event of Default shall have occurred;

(c) Bring suit upon an Obligor Note;

(d) Foreclose on the Security for an Obligor Note or exercise any remedies thereunder; or

(e) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of HUD or the County.

The Custodian shall not be responsible for the propriety of or be liable for the consequences of following the written direction of HUD or the County (with written consent by HUD so long as a County Note is outstanding and in default).

SECTION 6.03. Application of Revenues and Other Funds After Default. If a default under an Obligor Note shall occur and be continuing, all funds then held or thereafter received by the Custodian under any of the provisions of the related County Note, such Obligor Note, or any Guaranty or the Security in connection with such Obligor Note shall be applied by the Custodian as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Custodian to protect the interests of HUD and the County and payment of reasonable fees and charges and expenses of the Custodian (including reasonable fees and disbursements of its counsel) incurred in connection with the performance of its powers and duties under the related County Note;

(b) To the payment of the principal of and interest then due on the County Note issued to fund the loan to the Obligor in default, subject to the provisions of this Indenture, as follows:

(i) Unless the principal of such County Note shall have become or have been declared due and payable,

First: To the payment of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment of the unpaid principal of the County Note which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the County Note, and, if the amount available shall not be sufficient to pay in full the County Note, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

(ii) If the principal of the County Note shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the County Note, with interest on the overdue principal at the rate borne by

the County Note, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, of the County Note, according to the amounts due respectively for principal and interest; and

(c) All other amounts due to any other Person legally entitled thereto, including the County.

SECTION 6.04 Default under County Note. Upon the occurrence of an Event of Default with respect to any County Note, the Custodian, as custodian and trustee for HUD, shall promptly notify HUD, the Fiscal Agent and the County of such default and take such action with regard thereto or with regard to any Security held as security therefor as requested or authorized by HUD; provided, that the County shall pay all fees, costs and expenses incurred by the Custodian in connection therewith.

SECTION 6.05. Custodian to Represent HUD and the County. The Custodian is hereby irrevocably appointed as Custodian and true and lawful attorney-in-fact of the County for the purpose of exercising and prosecuting on its behalf such rights and remedies as may be available to the County under the provisions of the County Notes, the HUD Contracts, this Indenture, any Guaranty, the Security and applicable provisions of any other law. Upon the occurrence and continuance of a default under an Obligor Note or other occasion giving rise to a right in the Custodian to represent the County or HUD, the Custodian, upon the written request of the County (subject to HUD approval so long as the related County Note is outstanding and there exists an Event of Default as to such County Note) or the written request of HUD, so long as there exists an Event of Default as to such County Note, and in each case upon being indemnified against anticipated expenses and liabilities to its reasonable satisfaction therefor (including but not limited to applicable environmental laws) (which indemnity, at the option of the Custodian, is a condition precedent to its duties hereunder), shall, proceed to protect or enforce its rights or the rights of such parties by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Custodian or in the County or HUD under this Indenture or any other law; and upon instituting such proceeding, the Custodian shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture may be prosecuted and enforced by the Custodian without the possession of the related County Note or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Custodian shall be brought in the name of the Custodian for the benefit and protection of the County and HUD, subject to the provisions of this Indenture.

SECTION 6.06. Termination of Proceedings. In case any proceedings taken by the Custodian on account of any default under any Obligor Note shall have been

discontinued or abandoned for any reason or shall have been determined adversely to the Custodian, then in every such case the County, the Custodian and HUD, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the County, the Custodian and HUD shall continue as though no such proceedings had been taken.

SECTION 6.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Custodian, the County or to HUD is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 6.08. No Waiver of Default. No delay or omission of the Custodian, the County or HUD to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by a County Note to the Custodian, the County or to HUD may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VII

THE CUSTODIAN

SECTION 7.01. Acceptance of Trust. The Custodian accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article VII. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Custodian shall have no liability or responsibility for any act or event relating to this Indenture or any document related thereto that occurs prior to the date the Custodian formally executes this Indenture and commences acting as Custodian hereunder.

SECTION 7.02. Custodian May Act Through Agents: Answerable Only for Willful Misconduct or Gross Negligence. The Custodian may exercise any powers hereunder and perform any duties required of it pursuant to any County Note through attorneys, agents, officers or employees, and shall be entitled to advice of counsel concerning all questions hereunder. The Custodian shall not be answerable for the exercise of any discretion or power under this Indenture nor for anything whatever in connection with the trust hereunder, except only its own willful misconduct or gross negligence or that of its agents, officers and employees; provided that, notwithstanding anything to the contrary contained herein, the Custodian shall have no responsibility or liability for following or attempting to follow any instructions of the County or HUD hereunder which instructions are given to the Custodian in accordance with the terms of this Indenture, and the Custodian shall be fully protected in following or attempting to follow any such instructions. The Custodian may consult with counsel and the advice of such counsel or any opinion of counsel shall be full and complete authorization and

protection in respect of any action taken or omitted by it hereunder in good faith in accordance with such advice or opinion of counsel. The Custodian shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice. The permissive right of the Custodian to do things enumerated in this Indenture shall not be construed as a duty. All money received by the Custodian shall, until used or applied as herein provided, be held in trust for the purpose for which it was received. Neither the Custodian nor any paying agent shall be under any liability for interest on any money received by it hereunder.

The Custodian will not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion of power conferred upon it by this Indenture.

SECTION 7.03. Compensation and Indemnification.

(a) The Custodian shall receive from, or on behalf of, the Obligors, as compensation for its services hereunder, the Custodian Fee for each County Note for so long as each such County Note is Outstanding. In addition, the Custodian shall be entitled to payment and/or reimbursement from or on behalf of the Obligors for reasonable fees for its services rendered hereunder and all costs, advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Custodian (including the reasonable compensation and the expenses and disbursements of its counsel and all Persons not regularly in its employ), in connection with such services hereunder. Fees and costs directly allocable to an Obligor relating to services provided by the Custodian in connection with the related Obligor Note, Loan Agreement, Security, or portion of the County Note, shall be paid by or on behalf of such Obligor. Notwithstanding the foregoing, in the event an Obligor shall default in the payment of such fees, costs, advances, counsel fees and other such reasonable expenses incurred by the Custodian, the Custodian shall be entitled to payment and/or reimbursement from the County for reasonable fees for its services rendered hereunder following any Event of Default or default under the Obligor Note; and, whether or not any such Event of Default or default has occurred, disbursements and all costs, advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Custodian (including the reasonable compensation and the expenses and disbursements of its counsel and all persons not regularly in its employ), in connection with such services hereunder. In the event that it should become necessary that the Custodian perform extraordinary services, it shall be entitled to reasonable extra compensation therefor in the same manner as provided herein, and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that, subject to the proviso in section 7.02 hereof, if such extraordinary services are due to the gross negligence or willful misconduct of the Custodian, or any paying agent, it shall not be entitled to compensation or reimbursement therefor.

(b) Each Obligor (each, an "Indemnitor"), individually but not jointly and severally, shall indemnify, defend and hold the Custodian and its directors, officers, employees and agents (collectively with the Custodian, the "Indemnitees") harmless from

and against every loss, liability or expense, including without limitation damages, fines, suits, actions, demands, penalties, costs, out-of-pocket or incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim (collectively, "Losses"), directly or indirectly caused by such Indemnitor and that may be imposed on, incurred by, or asserted against, any Indemnitee for or in respect of the Custodian's (1) execution and delivery of this Indenture, (2) compliance or attempted compliance with or reliance upon any instruction or other direction upon which the Custodian is authorized to rely pursuant to the terms of this Indenture and (3) performance under this Indenture, except in the case of such performance only and with respect to any Indemnitee, to the extent that the Loss resulted from such Indemnitee's gross negligence or willful misconduct. In furtherance and not in limitation of the foregoing, in no event shall any liability or obligation of any Indemnitor under this paragraph attach to, or become the liability or obligation of any other Indemnitor. The provisions of this Section shall survive the termination of this Indenture and the resignation or removal of the Custodian for any reason. The Custodian's claims against any Indemnitor under this section shall have priority over all other claims against such Indemnitor under this Indenture.

(c) The obligations of each Obligor under this Section 7.03 shall apply whether or not such obligation is expressed in such Obligor's Loan Agreement.

SECTION 7.04. Notice of Default; Right to Investigate. The Custodian shall, within 30 days after the occurrence of an Event of Default under an Obligor Note, give written notice by first class mail to HUD, the County, the Fiscal Agent and the related Obligor of all Events of Default known to the Custodian unless such Event of Default has been remedied; provided that, except in the case of an Event of Default under Clauses (a) or (b) of Section 6.01, the Custodian may withhold such notice so long as it in good faith determines that such withholding is in the interest of the County and HUD. The Custodian shall not be deemed to have notice of any default unless it has actual knowledge thereof or has been notified in writing of such default at the Principal Office of the Custodian by the County or HUD. The Custodian may, however, at any time require of the County, full information as to the performance of any covenant hereunder; and, if information satisfactory to it is not forthcoming, the Custodian may make or cause to be made an investigation into the affairs of the County related to this Indenture. Except as otherwise expressly provided herein, the Custodian shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with a County Note or Obligor Note or any of the Security, or as to the existence of a default thereunder. The Custodian shall not be responsible for the validity, adequacy, effectiveness or priority of any collateral given to or held by it.

SECTION 7.05. Duties and Responsibilities. Except during the continuance of a default by the County hereunder, the Custodian undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Custodian and in the absence of bad faith on its part, the Custodian may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates and opinions

furnished to the Custodian and conforming to the requirements of this Indenture. If any such default shall have occurred and be continuing, the Custodian shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent Person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Custodian such action may tend to involve expense or liability (including but not limited to liability under any applicable environmental law) it shall not be obligated to take such action unless it is furnished, as a condition precedent to any duty to act hereunder, with indemnity, and arrangements for payment thereof, satisfactory to it.

The Custodian shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the County or HUD, related to the time, method, and place of conducting any proceeding for any remedy available to the Custodian, or exercising any trust or power conferred upon the Custodian, under this Indenture.

The Custodian shall have no responsibility and makes no warranties and representations, either express or implied, with respect to any information, statement or recital herein or in any Security or any County Note or other disclosure material prepared or distributed with respect to any County Note or any Obligor Note.

The Custodian's rights to immunities and protection from liability hereunder and its rights to payment of fees and expenses shall survive its resignation or removal and the final payment or defeasance of the County Notes or the discharge of this Indenture.

The Custodian shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises. The Custodian shall have no liability in respect of any investment advice or investment arrangement rendered to or entered into by any Obligor or for the management of any project financed in connection with any County Note or any portion thereof. The Custodian makes no warranty or representation, either express or implied, as to the title, value, design, compliance with specifications or with legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of any project financed in connection with any County Note or any portion thereof, or any other representation or warranty with respect to such project or any portion thereof. In no event shall the Custodian be liable for incidental, indirect, special or consequential damages, in connection with or arising out of such project, even if the Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.

No provision in this Indenture or any other writing hereunder or thereunder shall require the Custodian in its individual capacity to expend or risk funds or otherwise incur any financial liability in the performance of its or the Custodian's rights or powers hereunder.

In accepting the trusts hereby created but excluding its role as custodian of the Security, the Custodian acts solely as Custodian for the benefit of HUD and the County and not its individual capacity, and all Persons, including, without limitation, the County and HUD, having any claim against the Custodian by reason of the transactions contemplated hereby shall look only to the funds and accounts held by the Custodian hereunder for the payment or satisfaction thereof except as otherwise provided herein.

All payments to be made by the Custodian under and pursuant to this Indenture shall be made only to the extent that the Custodian shall have received sufficient income and proceeds in accordance with the terms of this Indenture, and the Custodian shall have no duty to advance its own funds.

Under no circumstances shall the Custodian be liable in its individual capacity for the obligations evidenced by any County Note or any Obligor Note.

Whenever in the administration of its duties under this Indenture, the Custodian shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), shall be deemed to be conclusively proved and established by the certificate of the Authorized Representative of the County (with the concurrence of HUD to the extent required herein) and such certificate shall be full warranty to the Custodian for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Custodian may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The recitals, statements and representations by the County contained in this Indenture or in the County Note shall be taken and construed as made by and on the part of the County and not by the Custodian, and the Custodian does not assume, and shall not have, any responsibility or obligation for the correction of any thereof.

Notwithstanding anything to the contrary contained herein or in any of the Security, the Custodian shall have no duty or obligation to any Obligor or any holder of a County Note in either its fiduciary or individual capacity and shall not be answerable hereunder to the County or HUD for anything other than its own gross negligence or willful misconduct as provided herein.

SECTION 7.06. Reliance on Requisition, Etc. The Custodian may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, direction, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper Persons or to have been prepared and furnished pursuant to any of the provisions of any County Note; and the Custodian shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

The Custodian agrees to accept and act upon instructions or directions pursuant to this Indenture sent by the County by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, that the County shall provide to the Custodian an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If any person so elects to give the Custodian e-mail or facsimile instructions (or instructions by a similar electronic method) and the Custodian in its discretion elects to act upon such instructions, the Custodian's understanding of such instructions shall be deemed controlling. The Custodian shall not be liable for any losses, costs or expenses arising directly or indirectly from the Custodian's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The County agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Custodian, including the risk of the Custodian acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 7.07. Construction of Ambiguous Provisions. The Custodian may construe any ambiguous or inconsistent provisions of any County Note, and any such construction by the Custodian shall be binding upon HUD and the County.

SECTION 7.08. Resignation of Custodian. The Custodian may resign and be discharged of the trusts created hereunder by written resignation filed with the County and HUD no fewer than 60 days before the date when it is to take effect. Such resignation shall take effect only upon the appointment of a successor Custodian by the County but with the consent of HUD. If no successor Custodian shall have been appointed within 45 days of giving notice as aforesaid, the resigning Custodian may petition a court of competent jurisdiction for the appointment of a successor Custodian, and which court may thereupon appoint such successor Custodian. The Custodian may not resign as custodian of the Security without the consent of HUD, which consent shall not be unreasonably withheld.

SECTION 7.09. Removal of Custodian. The County (but only prior to a default by the County hereunder and with the consent of HUD) may on 30 days written notice given to the Custodian, remove the Custodian or any successor thereto, and may appoint a successor thereto, which successor shall be a bank or trust company meeting the requirements set forth herein.

SECTION 7.10. Appointment of Successor Custodian. If the Custodian or any successor Custodian resigns or is removed (other than pursuant to Section 7.09 hereof) or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Custodian, and the County with the consent of HUD shall appoint a successor. If the County fails to make such appointment within 60 days after the date notice of resignation is filed, HUD may do so.

SECTION 7.11. Qualification of Successor. A successor Custodian shall be a national bank with trust powers or a bank and trust company or a trust company, in each case having a combined capital, surplus and undivided profits of at least \$100,000,000, subject to supervision or examination by federal or state authority, if there be one able and willing to accept the trust on reasonable and customary terms. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Custodian shall cease to be eligible in accordance with the provisions of this section, the Custodian shall resign immediately in the manner and with the effect specified in Section 7.08 hereof.

SECTION 7.12. Instruments of Succession. Any successor Custodian shall execute, acknowledge and deliver to the County and HUD an instrument accepting such appointment hereunder; and thereupon such successor Custodian, without any further act, deed or conveyance, shall become fully vested with all the estates (including the Trust Estate), properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Custodian herein. The Custodian ceasing to act hereunder shall pay over to the successor Custodian all money held by it hereunder; and, upon request of the successor Custodian, the Custodian ceasing to act and the County shall execute and deliver an instrument transferring to the successor Custodian all the estates (including the Trust Estate), properties, rights, powers and trusts hereunder of the Custodian ceasing to act. The County and HUD shall be provided with a copy of each instrument mentioned herein.

SECTION 7.13. Merger of Custodian. Any corporation into which any Custodian hereunder may be merged or with which it may be consolidated, or to which it sells all or substantially all of its corporate trust business consisting of HUD-guaranteed loans under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5308, or any successor law thereto, or any corporation resulting from any merger or consolidation to which the Custodian hereunder shall be a party, shall be the successor Custodian under each County Note, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding. Notice of such merger, sale, transfer or consolidation shall be given to the County and HUD. If such corporation fails to be eligible to serve as Custodian under Section 7.11 hereof, then the Custodian must comply with the resignation procedures set forth in Section 7.08 hereof.

SECTION 7.14. Preservation and Inspection of Documents. All documents maintained by the Custodian under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the County and HUD and its agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

SECTION 7.15. Certification of Custodian. The Custodian certifies that deposits held by it in cash are insured by the Federal Deposit Insurance Corporation.

SECTION 7.16 Force Majeure. Notwithstanding any other provision of this Indenture, the Custodian shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligations hereunder to the extent that the Custodian is delayed in performing, unable to perform or breaches such obligation because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, or other causes reasonably beyond its control, it being understood that the Custodian shall use commercially reasonable efforts consistent with accepted practices for corporate trustees to maintain performance without delay or resume performance as soon as reasonably practicable under the circumstances

ARTICLE VIII

MODIFICATION OF THIS INDENTURE AND THE SECURITY

SECTION 8.01. Limitations. This Indenture and the Security related to any County Note shall not be modified or amended in any respect subsequent to the initial issuance of such County Note, except as provided in and in accordance with and subject to the provisions of this Article VIII. The Custodian shall not be obligated to enter into or consent to any Supplemental Indenture or any modification, alteration, amendment or supplement to any Security which affects the duties, liabilities and immunities of the Custodian hereunder or the rights of the Custodian under Article VIII hereof. The Custodian shall have no duty or obligation with respect to any amendment of the Security unless it shall have actual notice thereof and shall have consented in writing to the imposition of any such duty or obligation.

SECTION 8.02. Supplemental Indentures with Consent of HUD. The County shall not enter into, and the Custodian shall not consent to, any amendment, change or modification of this Indenture without the written approval or consent of HUD so long as any County Note administered hereunder is outstanding.

SECTION 8.03. Effect of Supplemental Indenture. Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article VIII, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the County, the Custodian and HUD shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

SECTION 8.04. Consent of the County. No Supplemental Indenture shall become effective unless and until the County shall have consented thereto in writing.

SECTION 8.05. Amendment of Security with Consent of HUD. The County shall not enter into, and the Custodian shall not consent to, any amendment, change or modification of the Security without the written approval or consent of HUD so long as the County Note for which such Security is held, is Outstanding.

ARTICLE IX

DISCHARGE OF INDENTURE

SECTION 9.01. Discharge of Indenture. Each County Note shall be paid by the County in accordance with the Fiscal Agency Agreement. If any County Note has been paid in full in accordance with the Fiscal Agency Agreement and the related Obligor Note also has been paid in full, and the County shall also have paid or cause to be paid all other sums payable hereunder allocable thereto, then and in that case, the County Note and the pledge of the Trust Estate, and all covenants, agreements and other obligations of the County under that County Note shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the request of the County, the Custodian shall cause an accounting for such period or periods as may be requested by the County to be prepared and filed with the County and shall execute and deliver to the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Custodian shall pay over, transfer, assign or deliver all money or securities or other property held by it related to such County Note to the County.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the County or the Custodian is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the County Note contained by or on behalf of the County or the Custodian shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 10.02. Limitation of Rights to Parties and HUD. Nothing in any County Note expressed or implied is intended or shall be construed to give to any Person other than the County, the Custodian, and HUD, any legal or equitable right, remedy or claim under or in respect of such County Note or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the County, the Custodian and HUD.

SECTION 10.03 Waiver of Notice. Except as otherwise provided herein, whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such

451 Seventh Street S.W.
Washington, D.C. 20410
Attention: Director, Financial Management Division
Office of the Assistant Secretary
for Community Planning and Development

If to an Obligor: At the notice address therefor under the related Loan Agreement

SECTION 10.07. Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the United States of America and in the absence of controlling federal law, in accordance with the laws of the State; provided, that the authority of the County shall be governed by Washington law.

SECTION 10.08. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the County and the Custodian shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, KING COUNTY, WASHINGTON has caused this Indenture to be signed in its name by its duly authorized representative, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer all as of the day and year first above written.

KING COUNTY, WASHINGTON

By: _____
Name: _____
Title: _____

[Approved by:

Peggy Pahl
King County Sr. Deputy Prosecuting Attorney]

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: _____
Name: Kathleen L. Graves
Title: Assistant Vice President

Subject to conformation to form required under
HUD Contract, Attachment 1

EXHIBIT A TO INDENTURE OF TRUST AND CUSTODIAL AGREEMENT

ATTACHMENT 1

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
CUSTODIAL ACCOUNT

Name of Institution (and Branch)

Street

City, State, Zip Code

Date:

This account is established for funds received by the Borrower under Note(s) guaranteed by the United States Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program. **(Guaranteed Loan Funds Account)**

This account is established for repayment of the Note guaranteed by HUD under the Section 108 Loan Guarantee Program. **(Loan Repayment Account)**

This account is established as a debt service reserve under the Section 108 Loan Guarantee Program. **(Debt Service Reserve Account)**

You are hereby authorized and requested to establish a custodial account to be specifically designated:

"

Trustee of United States Department of Housing and Urban Development." All deposits made in such account shall be subject to withdrawal therefrom by the Borrower named below and shall also be subject to withdrawal therefrom by HUD. No agent of the Borrower shall be authorized to withdraw funds from the account. You are also authorized to pay HUD at any time, upon its written demand, which need not name a specific amount, the entire amount in such account subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days.

You are further authorized, upon the request of HUD, to refuse to honor any instrument drawn upon or withdrawals from such account by parties other than HUD and to change the name of the aforesaid account to the "United States Department of Housing and Urban Development." In no instance shall the funds in the custodial account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the custodian institution.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certification below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower

By: [Signature]

Title

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under Account Number: _____, and agrees with the Borrower named above and HUD to honor demands on such account in the manner provided in the above letter, subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days. The undersigned institution further agrees, upon the written request of HUD, to refuse to honor any instruments drawn upon or withdrawals from such account by parties other than HUD and to change the name of the aforesaid account to "United States Department of Housing and Urban Development." In no instance shall the funds in the custodial account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the custodian institution. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

Name of Institution

By (Signature and Title)

Date:

Subject to conformation to form required under
HUD Contract, Attachment 2

EXHIBIT B TO INDENTURE OF TRUST AND CUSTODIAL AGREEMENT

ATTACHMENT 2

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
CUSTODIAL INVESTMENT ACCOUNT

Name of Institution (and Branch)

Street

City, State, Zip Code

Date: _____

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Guaranteed Loan Funds Account. **(Guaranteed Loan Funds Investment Account)**

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Loan Repayment Account. **(Loan Repayment Investment Account)**

This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Debt Service Reserve Account. **(Debt Service Reserve Investment Account)**

You are hereby authorized and requested to hold obligations and assignments of those obligations in trust for the United States Department of Housing and Urban Development (HUD) in an account specifically designated:

" _____
Trustee of United States Department of Housing and Urban Development." All obligations and assignments shall be subject to release to the Borrower named below and shall also be subject to release to HUD. No agent of the Borrower shall be authorized to release the obligations or assignments. You are also authorized to release the obligations and assignments to HUD at any time, upon its written demand, which need not name specific obligations and assignments, all obligations and assignments being held in such account subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days.

You are further authorized, upon the request of HUD, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD and to change the name of the aforesaid account to the "United States Department of Housing and Urban Development." In no instance shall the obligations in this account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the custodian institution.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certification below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower

By: [Signature]

Title

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under Account Number: _____, and agrees with the Borrower named above and HUD to honor requests for release on such account in the manner provided in the above letter, subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days. The undersigned institution further agrees, upon the written request of HUD, to refuse to honor any request for release of the obligations and assignments from such account by parties other than HUD and to change the name of the aforesaid account to "United States Department of Housing and Urban Development." In no instance shall the obligations in the account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the custodian institution. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

Name of Institution

By (Signature and Title)

Date: _____

DRAFT 5-21-07
Subject to conformation to final Indenture

EXHIBIT C TO INDENTURE OF TRUST AND CUSTODIAL AGREEMENT
(INCLUDING SCHEDULE 1 ATTACHED, IF APPLICABLE)

_____, 200_

The Bank of New York Mellon Trust Company, N.A.
601 Union Street, Suite 520
Seattle, Washington 98101

ATTN: Kathy Graves, Assistant Vice President

RE: Instructions for Payment from Guaranteed Loan Funds
Account/Loan to King County, Washington (acting through Business Relations and Economic Development
Section of the Office of Strategic Planning and Performance Management Division ("BRED"))

Dear Kathy:

Pursuant to Paragraphs 4.02 of the Indenture of Trust and Custodial Agreement, dated as of _____, 2009, between King County, Washington and The Bank of New York Trust Company, N.A., as Custodian, the County, through its undersigned authorized representative of BRED hereby instructs that you act in accordance with the terms of these instructions:

1. **Deliveries into Guaranteed Loan Funds Account.** [COMPLETE PARAGRAPH 1. FOR EACH EXPECTED DELIVERY OF FUNDS FROM HUD INTO THE GUARANTEED LOAN FUNDS ACCOUNT.] On or about _____, 200_, you will be receiving, via wire transfer the sum of \$_____ ("Guaranteed Loan Funds"), which amount should be received no later than 4:00 p.m., New York City time. Upon receipt, such amounts shall be deposited into the Guaranteed Loan Funds Account for County Note No. _____. We understand that funds received after 4:00 p.m. New York time may not be credited to the Guaranteed Loan Funds Account until the next Business Day and will not in any event be available for withdrawal by the County until the next Business Day after receipt by the Custodian.

2. **Payment from Guaranteed Loan Funds.**

(a) [COMPLETE PARAGRAPH 2.(a) IF ENTIRE FUNDS OR SOME PORTION OF FUNDS RECEIVED FROM HUD PURSUANT TO PARAGRAPH 1. ARE TO BE DELIVERED TO COUNTY IMMEDIATELY UPON RECEIPT FROM HUD.] You are authorized and directed by the County to make payment of [the entire amount] [an amount equal to \$_____] by wire transfer, to [insert complete wire instructions] on the next Business Day after receipt of the funds described in paragraph 1. above.

(b) [COMPLETE PARAGRAPH 2.(b) FOR PERIODIC DELIVERY OF FUNDS DEPOSITED IN GUARANTEED LOAN FUNDS ACCOUNT THAT ARE NOT COINCIDENT WITH A DELIVERY OF FUNDS FROM HUD.] [NOTE: Funds in the specified amount must be on deposit and available in the appropriate Guaranteed Loan Funds Account. Payment of amounts pursuant to this paragraph that require liquidation of investments will be made within one Business Day of the date proceeds of any such investments are received by the Custodian.] You are authorized and directed by the County to make payment of the amount of \$_____ by wire transfer to [standing wire instructions per Funds Transfer Agreement, Schedule 1 [insert complete wire instructions].

Please acknowledge your receipt and acceptance of these instructions by executing and dating a copy of this letter. After execution and dating thereof by you as indicated below, return the original to:

_____.

Sincerely,

Name, Title

WE ACKNOWLEDGE RECEIPT OF THESE INSTRUCTIONS AND AGREE TO ACT IN THIS TRANSACTION
IN STRICT ACCORDANCE WITH THE FOREGOING INSTRUCTIONS.

Dated: _____, 200_

The Bank of New York Mellon Trust Company, N.A., as Custodian

Authorized Signatory

Proposed Ord. 2009-0193, Attachment H, dated March 30, 2009

CDE INTEREST CONTROL AGREEMENT

THIS CDE INTEREST CONTROL AGREEMENT ("**Control Agreement**"), dated as of April __, 2009, is entered into by and between **WHITE CENTER INVESTMENT FUND, LLC**, a Delaware limited liability company ("**Investment Fund**"), **NDC NEW MARKETS INVESTMENTS XXXVIII, LLC**, a Delaware limited liability company ("**CDE**"), **THE COUNTY OF KING**, a Washington municipal corporation ("**Senior Lender**"), and **VONG'S BROTHERS LLC**, a Washington limited liability company ("**Junior Lender**").

RECITALS

A. Investment Fund is the record and beneficial owner of a 99.99% interest in CDE (the "**CDE Interest**").

B. In connection with a loan made by Senior Lender to Investment Fund, Senior Lender received a first position security interest in all of Investment Fund's right, title and interest in the CDE Interest, pursuant to the Pledge and Security Agreement between Senior Lender and Investment Fund, dated as of the date hereof (the "**Senior Lender Pledge**").

C. Senior Lender will assign all of its right, title and interest in the Senior Lender Pledge to the U.S. Department of Housing and Urban Development ("**HUD**").

D. In connection with a loan made by Junior Lender to Investment Fund, Junior Lender received a second position security interest in all of Investment Fund's right title and interest in the CDE Interest, pursuant to the Fund Pledge Agreement between Junior Lender and Investment Fund, dated as of the date hereof (the "**Junior Lender Pledge**").

E. In connection with a one-day bridge loan (the "**Bridge Loan**") made by _____ ("**Bridge Lender**") to Investment Fund, Bridge Lender received a security interest in all of Investment Fund's right, title and interest in the CDE Interest (the "**Bridge Lender Pledge**"). The Bridge Lender Pledge is anticipated to be terminated approximately one day after the date of this Control Agreement.

F. The parties hereto are entering into this Control Agreement to perfect the security interest of Senior Lender and Junior Lender (hereinafter collectively the "**Secured Parties**") in the CDE Interest pledged pursuant to the Senior Lender Pledge and Junior Lender Pledge (hereinafter collectively the "**Pledged Interest**").

AGREEMENT

It is therefore agreed as follows:

1. **The Collateral.** CDE represents to the Secured Parties that the Pledged Interest is validly owned by Investment Fund and that, to the best of CDE's knowledge, no party other than Attachment H, dated March 30, 2009

Investment Fund, Senior Lender, Junior Lender, and Bridge Lender has any interest in the Pledged Interest. CDE shall not accept any conflicting control agreement or other instructions by any third party with respect to the disposition of the Pledged Interest.

2. **Acknowledgment of Security Interest.** From and after satisfaction and discharge of the Bridge Loan, CDE hereby acknowledges: (i) the first position security interest granted to Senior Lender by Investment Fund in the Senior Lender Pledge; and (ii) the second position security interest granted to Junior Lender by Investment Fund in the Junior Lender Pledge.

3. **Investment Fund's Rights to Pledged Sub-CDE Interest.** Investment Fund shall be entitled to exercise all rights, and receive all monies, afforded to it in connection with its ownership of the CDE Interest so long as it is not in default under its obligations to the Secured Parties or under the Operating Agreement (hereinafter defined).

4. **Priority of Secured Parties.** From and after satisfaction and discharge of the Bridge Loan, CDE shall comply with the instructions of Senior Lender with respect to the Pledged Interest until CDE receives a notice in writing from Senior Lender that Senior Lender has terminated its security interest in the Pledged Interest (the "*Senior Lender Termination Notice*"). CDE shall comply with the instructions of Junior Lender with respect to the Pledged Interest only after receiving the Senior Lender Termination Notice. (The Secured Party having the right to provide binding instructions to CDE regarding the Pledged Interest shall hereinafter be called the "*Authorized Secured Party*".)

5. **Control.** Subject to Section 6 hereof, and after the NMTC Compliance Period (as defined in the certain Fund Loan Agreement between Junior Lender and Investment Fund, dated as of the date hereof), upon receipt of written notice that Investment Fund has defaulted on its obligation to the Authorized Secured Party, CDE hereby agrees to comply with all instructions of the Authorized Secured Party regarding the disposition of the Pledged Interest, without further consent or direction from Investment Fund. Without limiting the foregoing, Investment Fund authorizes CDE, on the Authorized Secured Party's demand, to pay over any portion or all of any monies constituting a part of the Pledged Interest and all of Investment Fund's other rights and interest in CDE.

6. **Forbearance.** This Control Agreement and all rights and remedies hereunder are subject to the forbearance provisions contained in the loan agreements of each Secured Party. Notwithstanding anything in this Control Agreement to the contrary, the Secured Parties acknowledge that no actions may be taken under this Control Agreement until April __, 2016, except under limited circumstances as described in the loan documents of each Secured Party.

7. **Notices of Adverse Claims.** If any person asserts any lien, encumbrance or adverse claim against the Pledged Interest or any of the monies therein, CDE will promptly notify Secured Parties and Investment Fund thereof.

8. **Responsibility of CDE.** CDE shall have no responsibility or liability to Investment Fund for complying with any instructions provided by the Authorized Secured Party. CDE shall have

no duty to investigate or make any determination as to whether a default exists under any agreement between Investment Fund and any one or more of the Secured Parties.

9. **Other Agreement.** In the event of a conflict between this Control Agreement and any other agreement between CDE and Investment Fund or any conflict between this Control Agreement and that certain Amended and Restated Operating Agreement of NDC New Markets Investments XXXVIII, LLC, dated April __, 2009, as amended (the “*Operating Agreement*”), the terms of this Control Agreement will prevail. Provided however, nothing herein shall provide the Authorized Secured Party after foreclosure of the CDE Interest with any rights, interests or remedies greater than those possessed by Investment Fund under the Operating Agreement. The State of Delaware shall be deemed to be CDE's location for the purposes of this Control Agreement and the perfection and priority of Secured Parties' security interest in the Pledged Interest.

10. **Termination.** The rights and powers granted herein to Secured Parties have been granted in order to perfect their respective security interest in the Pledged Interest and are powers coupled with an interest and will neither be affected by the dissolution, termination or bankruptcy of Investment Fund nor by the lapse of time. The obligations of CDE hereunder shall continue in effect until the respective security interests of the Secured Parties in the Pledged Interest have been terminated and Secured Parties each have notified CDE of such termination in writing.

11. **Counterparts.** This Control Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Control Agreement by signing and delivering one or more counterparts.

12. **Choice of Law.** The validity, terms, performance and enforcement of this Agreement shall be governed by the laws of the State of Washington.

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties have executed this CDE Interest Control Agreement as of the date first written above.

INVESTMENT FUND:

WHITE CENTER INVESTMENT FUND, LLC,
a Delaware limited liability company

By: HEDC New Markets, Inc.
Its: Non-Member Manager

By: _____
Name: _____
Title: _____

[Signature page for CDE]

CDE:

NDC NEW MARKETS INVESTMENTS XXXVIII, LLC,
a Delaware limited liability company

By: HEDC New Markets, Inc.
Its: Non-Member Manager

By: _____
Name: _____
Title: _____

[Signature page for Senior Lender]

SENIOR LENDER:

THE COUNTY OF KING,
a Washington municipal corporation

By: _____
Name: _____
Its: _____

[Signature page for Junior Lender]

JUNIOR LENDER:

VONG'S BROTHERS LLC,
a Washington limited liability company

By: _____

Name: _____

Title: _____

Proposed Ord. 2009-0193, Attachment I, dated March 30, 2009**WAIVER AND CONSENT AGREEMENT**

THIS WAIVER AND CONSENT AGREEMENT (the "Agreement") is entered into as of the ___th day of April, 2009, by and among the undersigned parties with reference to the following facts:

WHEREAS, as of April ____, 2009, U.S. BANCORP COMMUNITY DEVELOPMENT CORPORATION, a Minnesota corporation ("USBCDC") owns a membership interest (the "Interest") in White Center Investment Fund, LLC, a _____ limited liability company (the "Investment Fund"), which Investment Fund has entered into a tax credit transaction (the "Transaction") involving the closing of one or more "qualified low-income community investments," as such term is defined in Section 45D of the Internal Revenue Code of 1986, as amended (the "Code"), as of the date hereof;

WHEREAS, USBCDC might determine it is in USBCDC's best interest to transfer all of the Interest to an investment fund of which USBCDC is the manager or the managing member, or in which an "Affiliate" of USBCDC is the manager or managing member (the "Affiliate Fund"), for the purpose of allowing an investor (the "Investor") to participate in the Interest. An "Affiliate" of USBCDC is intended to mean any company under common control with USBCDC or any successor in interest to USBCDC; and

WHEREAS, the parties hereto (the "Parties") desire to facilitate USBCDC's transfer of the Interest to the Affiliate Fund;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the Parties and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. **Consent to Transfer of the Interest.** Each of the Parties hereby grants its unconditional consent to USBCDC's transfer of all of the Interest to the Affiliate Fund; provided however, such consent is conditioned on the satisfaction of each of the following:

(a) The Affiliate Fund shall be managed by USBCDC, or by an Affiliate of USBCDC, at all times after the transfer for the remainder of the Compliance Period (as such a term is defined in that certain Amended & Restated Operating Agreement of NDC New Markets Investments XXXVIII, LLC):

(b) All rights, powers and obligations of the Affiliate Fund subsequent to the Affiliate Fund Transfer with respect to the Affiliate Fund's Interest in the Investment Fund as the Investor Member of the Investment Fund (or otherwise) shall be applicable to, and exercised solely by USBCDC as manager or managing member of the Affiliate Fund, except that USBCDC may be required to obtain

Attachment I, dated March 30, 2009

consent of the Investor for (i) events of bankruptcy, dissolution, merger, an assignment for the benefit of creditors, or the appointment of a receiver of the Investment Fund, (ii) sale or transfer of the Affiliate Fund's Interest in the Investment Fund, or (iii) a change in the business of the Investment Fund as stated in the Operating Agreement for the Investment Fund (the "Operating Agreement"). In furtherance of the foregoing, it is expressly acknowledged and agreed that subsequent to the Affiliate Fund Transfer, (i) USBCDC shall have the sole authority to take any and all actions and provide any and all consents on behalf of the Affiliated Fund, as may be required under the Operating Agreement or otherwise, without obtaining any further consents or authorizations of the Affiliate Fund or any members thereof except as set forth in the preceding sentence, and (ii) HEDC New Markets, Inc, a _____ corporation, the non-member manager of the Fund (the "Investment Fund Manager") shall be permitted to rely on any and all such actions taken by USBCDC.

(c) No additional duties, actions, liabilities or other obligations shall be required of the Investment Fund Manager during the term of the Agreement as a result of the Affiliate Fund Transfer.

II. Consent to Amendment of the Operating Agreement. Each of the Parties hereby consents to, and waives any additional rights or requirements with respect to, the amendment of the Operating Agreement; provided, however, that such amendment is for the sole purpose of admitting the Affiliate Fund as a member of the Investment Fund with all of the rights, obligations and benefits of a member of the Investment Fund. Notwithstanding the provisions of this section, notice shall be given to King County, if required by the Department of Housing and Urban Development.

III. Consent to Permitted Disclosures. Each of the Parties hereby agrees that USBCDC may make the Permitted Disclosures; provided, however, that such Permitted Disclosures are made in accordance with the Disclosure Requirements set forth in subsection A below. "Permitted Disclosures" are disclosures to the Investor by USBCDC, in connection with the transfer of the Interest to the Affiliate Fund, of the following: the names of the Investment Fund and any "qualified community development entity" (as such term is defined in Section 45D of the Code in which the Investment Fund has invested ("CDE")), the names of the members and managers of the Investment Fund and any CDE, the amount of the investment by USBCDC in the Investment Fund, the amount of the Investment Fund's investment in any CDE, the expected flow of tax credits, income, losses, and cash from the Investment Fund and any CDE, and a general description of the project(s) in which any CDE has invested and the community impact of such projects.

A. Disclosure Requirements.

1. USBCDC shall obtain, in writing, the Investor's agreement that any and all Permitted Disclosures made to such Investor will be kept confidential by such Investor subject to the exceptions described below in subsection (2).

2. Notwithstanding anything to the contrary contained in subsection (1), the Investor may (i) disclose to the Securities and Exchange Commission (the "SEC"), and utility, banking, and insurance regulators (collectively, the "Regulators"), any of the Permitted Disclosures and any and all other information requested by or required to be disclosed to the SEC or Regulators in connection with the transactions contemplated in this Agreement, and (ii) disclose to any and all persons the U.S. federal income tax treatment and tax structure of its investment in the Investment Fund, including those materials (including opinions or other tax analyses) that are provided to USBCDC relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of USBCDC's investment in the Investment Fund and, except as may be necessary or required to be reported to the Internal Revenue Service, the Secretary of the Treasury or any authorized tax official, does not include information relating to the amount or terms of any financial guarantees.

IV. **Acknowledgement.** By signing below, each Party acknowledges that, notwithstanding any provision in any document executed in connection with the Transaction (the "Transaction Documents") to the contrary, neither USBCDC nor the Affiliate Fund shall have any obligation to provide notice to such Party of USBCDC's transfer of the Interest to the Affiliate Fund, or to obtain any further consent and/or waiver from such Party, in connection with such transfer, and that such Party shall not declare a default under any Transaction Document to which the such Party is a party as a result of such transfer and the Permitted Disclosures made in connection therewith, provided that no party shall have any obligation to deliver documents, reports or other items due to USBCDC to any Investor unless and until such party receives written notice of the transfer and appropriate delivery instructions to do so. Notwithstanding the provisions of this section, each Party acknowledges that notice shall be given to King County, if required by the Department of Housing and Urban Development.

V. **Incremental Costs.** USBCDC hereby agrees to pay all costs associated with its transfer of the Interest to the Affiliate Fund, including, without limitation, any legal or accounting fees incurred by any Party as a direct result of such transfer. USBCDC shall indemnify and hold the CDE and the CDE's Managing Member harmless from and against any and all actual damages suffered by the CDE and/or the CDE's Managing Member as a result of the transfer contemplated herein. USBCDC shall indemnify and hold the Investment Fund and Investment Fund Managing Member harmless from and against any all actual damages suffered by the Investment Fund and/or the Investment Fund's Managing Member as a result of a transfer contemplated herein.

VI. **Captions.** The headings to the sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

VII. **Partial Invalidity.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement.

VIII. **Binding Effect.** This Agreement and the documents contemplated to be executed in connection herewith shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

IX. **Multiple Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be an original, but all of which, taken together, will constitute one and the same Agreement.

X. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[SIGNATURE PAGE FOLLOWS]

COUNTERPART SIGNATURE PAGE
WAIVER AND CONSENT AGREEMENT

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Waiver and Consent Agreement as of the date first written above.

**INVESTMENT FUND MANAGER/SUB-CDE
MANAGING MEMBER:**

HEDC NEW MARKETS, INC.,
a Delaware corporation

By: _____
Robert W. Davenport, Chairman

SUB-CDE:

NDC NEW MARKETS INVESTMENTS
XXXVIII, LLC
a Delaware limited liability company

By: HEDC NEW MARKETS, INC.,
a Delaware corporation

By: _____
Robert W. Davenport, Chairman

COUNTERPART SIGNATURE PAGE
WAIVER AND CONSENT AGREEMENT

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Waiver and Consent Agreement as of the date first written above.

SENIOR LEVERAGE LENDER:

King County, Washington

By: _____
Its: _____

COUNTERPART SIGNATURE PAGE
WAIVER AND CONSENT AGREEMENT

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Waiver and Consent Agreement as of the date first written above.

QALICB:

VONGS, LLC,
a Washington limited liability company

By: _____
Its: _____

GUARANTORS:

Mahn Vong

Jenny Dang

Con Vong

Rika Vong

COUNTERPART SIGNATURE PAGE
WAIVER AND CONSENT AGREEMENT

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Waiver and Consent Agreement as of the date first written above.

SUBORDINATE LENDER:

VONG BROTHERS, LLC,
a Washington limited liability company

By: _____

Its: _____

COUNTERPART SIGNATURE PAGE
WAIVER AND CONSENT AGREEMENT

IN WITNESS WHEREOF, the Parties have affixed their signatures to this Waiver and Consent Agreement as of the date first written above.

USBCDC:

U.S. BANCORP COMMUNITY DEVELOPMENT
CORPORATION,
a Minnesota corporation

By: _____
Its: _____