



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 28, 2005

Ordinance 15222

Proposed No. 2005-0263.3

Sponsors Constantine and Edmonds

1 AN ORDINANCE relating to affordable housing in
2 unincorporated south King County, authorizing the King
3 County executive to execute a contract for a six-million-
4 eight-hundred-fifty-thousand-dollar Section 108 loan
5 guarantee with the United States Department of Housing and
6 Urban Development; authorizing the executive to execute a
7 loan agreement with the King County Housing Authority to
8 finance the construction of the supporting infrastructure at
9 the Greenbridge project; providing revenues for the principal
10 and interest of the Department of Housing and Urban
11 Development Section 108 loan, establishing a fund for the
12 payment of the Department of Housing and Urban
13 Development Section 108 loan; pledging future Community
14 Development Block Grant funds for the principal and
15 interest of the Department of Housing and Urban
16 Development; and pledging to provide for the annual levy of
17 taxes to pay the principal and interest thereon.

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STATEMENT OF FACTS:

1. The metropolitan King County council in Motion 11990 authorized the executive to initiate the application process for a Housing and Urban Development ("HUD") Section 108 loan guarantee, negotiate with HUD the terms and conditions of the loan, and to transmit to council for approval the loan documents at the earliest possible date.
2. The executive submitted an application to HUD for a HUD Section 108 loan guarantee for up to six million eight hundred fifty thousand dollars for infrastructure improvements at the King County Housing Authority's redevelopment project at Greenbridge in unincorporated King County.
3. The executive has received notice of HUD's approval of King County's application for a six-million-eight-hundred-fifty-thousand-dollar HUD 108 loan and has negotiated terms and conditions for the loan.
4. The metropolitan King County council requested that the loan application for council approval include a capital budget detail depicting which county departments shall be responsible for contributing toward annual debt payment and in what amounts.
5. The council directed the office of management and budget to include the appropriate capital budget information for the HUD Section 108 loan in the 2005 county budget book.

40 6. The roads division of the department of transportation and the water
41 and land resources and the parks divisions of the department of natural
42 resources and parks have 2005 appropriations and have planned for future
43 capital funds to support the county's repayment of the HUD Section 108
44 Loan for the Greenbridge project.

45 7. The King County Housing Authority ("KCHA") plans to begin
46 infrastructure development beginning in 2005 and therefore has a strong
47 financial need to receive all county capital funds as soon as possible.

48 8. The executive has negotiated a loan agreement with the KCHA to
49 ensure that the HUD 108 Loan proceeds will be expended for new
50 infrastructure improvements at the Greenbridge project.

51 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

52 **SECTION 1. Definitions.** The definitions in this section apply throughout this
53 ordinance unless the context clearly requires otherwise.

54 A. "CDBG" means Community Development Block Grant.

55 B. "CDBG entitlement community" means the local community entitled to
56 receive CDBG moneys from HUD.

57 C. "CDBG funds" means those entitlement moneys that the county receives
58 through HUD and that are dedicated to the CDBG fund.

59 D. "Contract" means the Contract for Loan Guarantee Assistance under Section
60 108 of the Housing and Community Development Act of 1974 executed between King
61 County and the Secretary of Housing and Urban Development

62 E. "Greenbridge project" means the King County Housing Authority's
63 redevelopment project for mixed-use housing located in unincorporated King County.

64 F. "HUD" means the United States Department of Housing and Urban
65 Development.

66 G. "HUD Section 108 loan" means the six-million-eight-hundred-fifty-thousand-
67 dollar loan to King County in accordance with the terms of the Contract for Loan
68 Guarantee Assistance with HUD.

69 H. "Note" means the promissory note required under the contract, and includes
70 the Fiscal Agency Agreement and the Trust Agreement defined under the contract.

71 I. "Section 108 loan guarantee" means the making of loans backed by notes
72 issued by a CDBG entitlement community and guaranteed by the CDBG entitlement
73 community's future CDBG allocation to finance economic development or other capital
74 facilities projects that directly benefit low-income people.

75 SECTION 2. The council finds and determines it is necessary and appropriate
76 and in the best interest of the county to execute a contract with HUD for a Section 108
77 loan guarantee in an amount not more than six million eight hundred fifty thousand
78 dollars to fund infrastructure improvements at the Greenbridge project and fund the
79 construction of the replacement White Center Food Bank.

80 SECTION 3. Contract and note authorized. The executive is hereby
81 authorized to enter into a contract, in substantially the form of Attachment A to this
82 ordinance, and to issue a note, including a Fiscal Agency Agreement and Trust
83 Agreement, in substantially the form of Attachment B to this ordinance, in the aggregate
84 principal amount of not more than six million eight hundred fifty thousand dollars.

85 Under the contract, the county will pledge its future CDBG entitlement as security for the
86 note.

87 **SECTION 4. Repayment of the HUD Section 108 loan.** The HUD Section 108
88 loan shall be repaid to HUD in accordance with the terms and conditions of the contract
89 and the note. The Section 108 Loan term is twenty years. The initial interest rate for the
90 loan will be based on the ninety-day London Inter Bank Offering Rate plus two-tenths
91 percent at the time the note is issued.

92 The county will make principal and interest payments on the HUD Section 108
93 loan from capital improvement project appropriations for the Greenbridge project and
94 from annual allocations from the HOF and CDBG funds. The HUD Section 108 loan
95 will be repaid to HUD over a ten-to-twenty-year period from the following county
96 sources in the following amounts:

97	Roads	\$2,135,586
98	Surface Water Management	\$ 563,199
99	Parks (REET funds)	\$ 765,453
100	Housing Opportunity	\$1,358,904
101	CDBG	\$2,026,858
102	Total	\$6,850,000

103 **SECTION 5. HUD Section 108 loan repayment subfund.** There shall be
104 created a new subfund entitled the HUD Section 108 loan repayment subfund within the
105 existing limited tax general obligation bond redemption fund. Funds deposited into this
106 subfund shall only be used to pay the principal and interest on the HUD Section 108 loan.

107 **SECTION 6. Pledge of taxation and credit.** The county hereby irrevocably
108 covenants and agrees for as long as the note is outstanding and unpaid, that each year it
109 will include in its budget and levy an ad valorem tax upon all the property within the
110 county subject to taxation in an amount that will be sufficient, together with all other
111 revenues and money of the county legally available for such purposes, to pay the
112 principal of and interest on the note as the principal and interest become due. All of the
113 taxes so collected shall be paid into the HUD Section 108 loan repayment subfund no
114 later than the date the funds are required for the payment of principal and interest on the
115 note.

116 The county hereby irrevocably pledges that the annual tax provided for in this
117 section to be levied for the payment of the principal and interest shall be within and as a
118 part of the tax levy permitted to counties without a vote of the people, and that a
119 sufficient portion of each annual levy to be levied and collected by the county before the
120 full payment of the principal of and interest on the note will be and is hereby irrevocably
121 set aside, pledged and appropriated for the payment of the principal of and interest on the
122 note.

123 The full faith, credit and resources of the county are hereby irrevocably pledged
124 for the annual levy and collection of said taxes and for the prompt payment of the
125 principal of and interest on the note as the principal and interest become due.

126 **SECTION 7. Use or proceeds of HUD Section 108 loan.** The proceeds of the
127 HUD Section 108 loan shall be used by the King County Housing Authority only for
128 costs related to the infrastructure in the Greenbridge project and costs for constructing the
129 replacement White Center Food Bank.

130 SECTION 8. Loan agreement with King County Housing Authority. The
131 county executive is hereby authorized to enter into a loan agreement with the King
132 County Housing Authority, in substantially the form of Attachment C to this ordinance,
133 to finance in part the construction of infrastructure supporting the Greenbridge project as
134 well as the replacement White Center Food Bank.

135 SECTION 9. Severability. If any provision of this ordinance or its application to

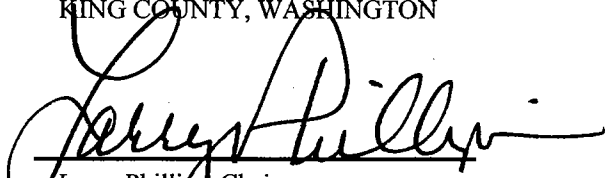
Ordinance 15222

136 any person or circumstance is held invalid, the remainder of the ordinance or the
137 application or the provision to any other person or circumstances is not affected.
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Ordinance 15222 was introduced on 6/6/2005 and passed as amended by the Metropolitan King County Council on 6/27/2005, by the following vote:

Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. Dunn, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

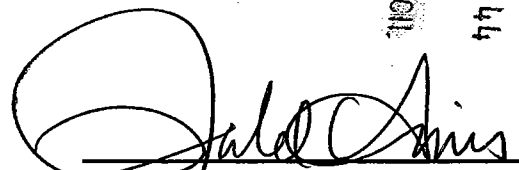

Larry Phillips, Chair

ATTEST:


Anne Noris, Clerk of the Council

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2005 JUL -7 AM 8:44
CLERK
KING COUNTY COUNCIL

APPROVED this 6 day of July, 2005.


Ron Sims, County Executive

Attachments A. HUD Section 108 Loan Guarantee Assistance contract, B. HUD promissory note, C. Greenbridge loan agreement, dated June 27, 2005

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-04-UC-53-0001, in the Maximum Commitment Amount of \$6,850,000, 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 March 4, 2005. 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, 2008~~, 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, 2008~~. 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 or EDI 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 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 Office of Business and Economic
Development
Attention: Ray Moser, Economic Development Manager
701 Fifth Avenue, Suite 2000
Seattle, Washington 98104-7097

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.
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 May 13, 2004 under the Funding Approval for grant number B-04-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) Paragraph 5(c) of the contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:
- "(c) Other security, including, but not limited to, Borrower's pledge of the full faith and credit of the Borrower in support of all obligations of the Borrower under the Note and this Contract, as described in an ordinance authorizing the issuance of the Note, which ordinance shall be enacted by the Metropolitan King County Council in substantially the form in **Attachment 3** to this Contract (the 'Ordinance'), as provided by Borrower.
- (b) Guaranteed Loan Funds shall be used by the Borrower for the Greenbridge HOPE VI project (the "Project") for the following activities:
- (i) construction of public facilities and improvements, pursuant to 24 CFR 570.703(1);
- (ii) costs of underwriting, servicing and other transaction costs, pursuant to §570.703(g); and
- (iii) construction of a new facility for the White Center Food Bank, pursuant to §570.703(1).
- (c) The Borrower shall deliver to the Secretary contemporaneously with the delivery of this Contract and the Note:
- (i) a copy of the Ordinance described in paragraph 15(a) as enacted, and
- (ii) an opinion of Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that the

full faith and credit pledge of the Borrower referenced in the Ordinance described in paragraph 15(a) is a valid, legally binding and enforceable obligation of the Borrower.

(d) 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, 2005 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 shall be submitted as directed in paragraph 12(f) above.

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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)

(Name)

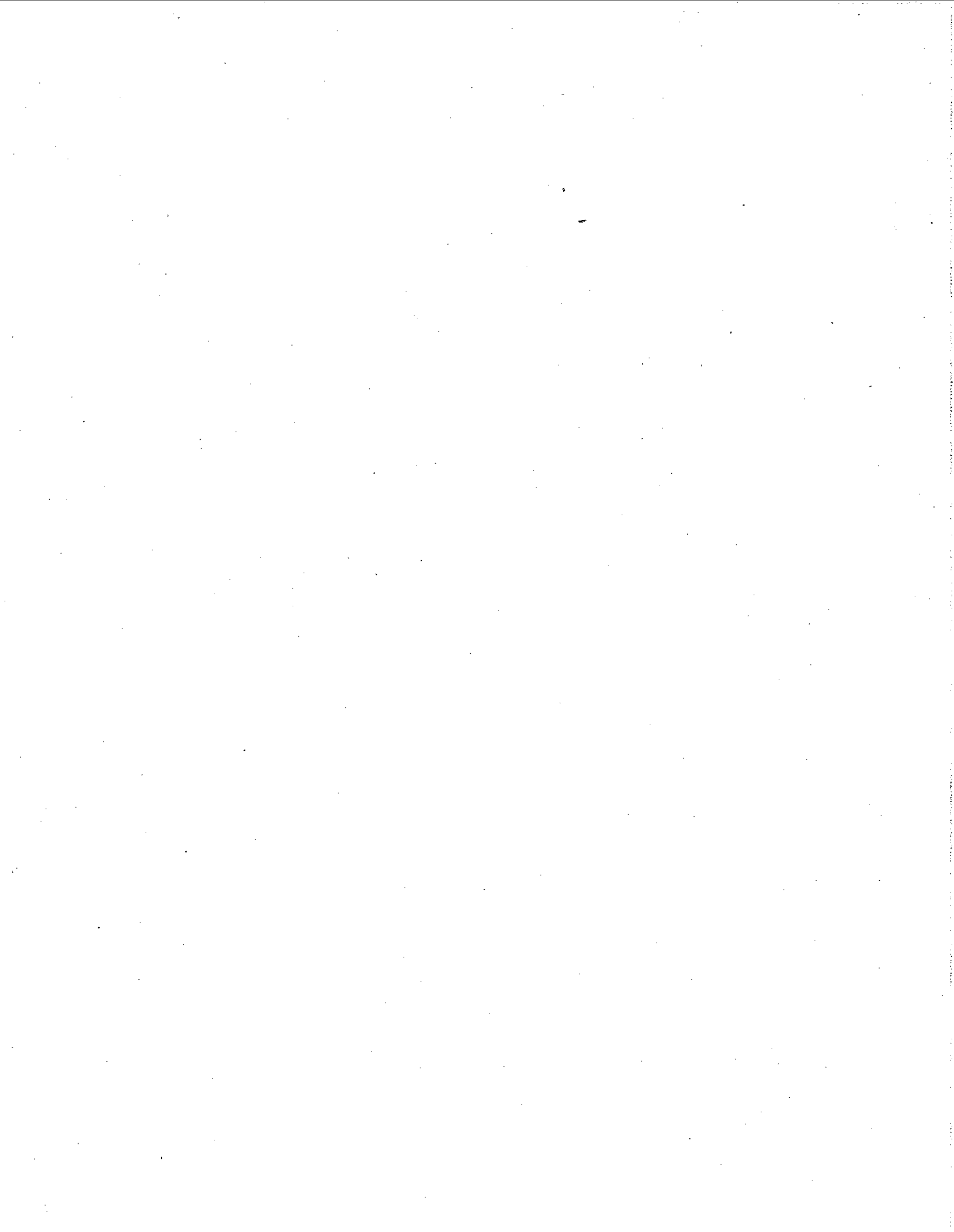
(Title)

(Date)

Attachment 3

Form of Ordinance Authorizing Pledge of Full Faith and Credit

[provided by Borrower]



SUPPLEMENT

relating to
\$ _____ Aggregate Original Principal Amount

SECTION 108 GOVERNMENT GUARANTEED
PARTICIPATION CERTIFICATES, SERIES HUD _____

This SUPPLEMENT (the "Series _____ Supplement"), is entered into by the SECRETARY OF HOUSING AND URBAN DEVELOPMENT (the "Secretary") and JPMORGAN CHASE BANK (formerly known as Chemical Bank or The Chase Manhattan Bank), as trustee (the "Trustee") under the Trust Agreement, dated January 1, 1995, by and between the Trustee and the Secretary, as sponsor of a Trust created on behalf of certain units of general local government and public agencies designated by such units of general local government (the "Agreement"). All capitalized terms used but not defined herein have the meanings ascribed thereto in the Agreement.

WITNESSETH

WHEREAS, pursuant to the Agreement, the Trustee is to hold in trust certain Notes guaranteed by the Secretary and to issue Certificates evidencing beneficial interests in a trust consisting of such Notes (the "Trust"); and

WHEREAS, pursuant to the Agreement, the Secretary and the Trustee are to enter into this Series _____ Supplement whereby the Secretary delivers the Notes and related Guarantee to the Trustee and the Secretary directs the Trustee to issue the Certificates (the "Series _____ Certificates");

NOW, THEREFORE, in consideration of these premises, the parties agree as follows:

1. Delivery and Acknowledgment.

The Secretary hereby delivers to the Trustee (a) the Notes (together with any necessary endorsements thereon) listed on the attached Schedule 1, as identified by Borrower, Aggregate Principal Amounts, Principal Amounts, Principal Due Dates and interest rates and (b) the related Guarantee to hold in trust for the benefit of the Certificate holders. The Secretary acknowledges the terms and conditions of the Agreement and hereby agrees that the Trust shall be governed by the terms thereof as amended hereby. The term "Trust" as used herein shall refer to that Trust established as a result of the delivery to the Trustee of the Notes and related documents referred to herein.

2. Authority to Issue Certificates.

The Secretary hereby directs the Trustee, as agent for the Secretary, to issue Series _____ Certificates with respect to the Trust as follows:

a. Name of Series. The designation of the Series authorized hereby shall be "Section 108 Government Guaranteed Participation Certificates, Series HUD _____, Guaranteed by the Secretary of Housing and Urban Development."

b. Issuance of Certificates. Pursuant to Section 2.03 of the Trust Agreement, the Trustee is hereby authorized and directed to execute on behalf of the Secretary, authenticate and deliver, on this date, in the name of the Certificateholder, the Series _____ Certificates specified on the attached Schedule 2 against receipt of the Notes, the related Guarantee and this Series _____ Supplement.

3. Acknowledgments and Certifications.

a. The Secretary hereby certifies that it has satisfied all conditions on its part to be performed or satisfied as a condition to the issuance of the foregoing Certificates. Without limiting the provisions of Section 3.11 and Section 7.01 of the Agreement, the Secretary further certifies that the Trustee shall be paid, for services rendered in connection with the administration of the Trust assets listed on the attached Schedule 1, and pursuant to Section 7.01 of the Agreement, a fee of \$_____.

b. The Trustee hereby acknowledges receipt of the Trust assets listed on the attached Schedule 1.

c. This Series _____ Supplement shall constitute the Supplement referred to in Section 2.01 of the Agreement.

4. Modification and Ratification of the Agreement.

a. Solely for purposes of this Series _____ Supplement and the Series _____ Certificates, the definition of "Optional Redemption" set forth in Article I of the Agreement is hereby deleted in its entirety and replaced as follows:

"Optional Redemption: The full or partial prepayment of a Principal Amount due on a Note by a Borrower in accordance with the optional redemption provisions (if any) of such Note, such optional redemption provisions to provide, among other things, that such an Optional Redemption (i) shall be made only as of any Interest Due Date occurring on or after the date specified in the related Note after which such Optional Redemptions are permitted, (ii) must be received in full by the Trustee by wire transfer of immediately available funds to the Certificate Account on the related Note Payment Date, and (iii) must be accompanied by an

identification of the Borrower by name, the HUD-assigned Note number and such other information as the Secretary or the Trustee may specify."

b. Solely for purposes of this Series _____ Supplement and the Series _____ Certificates, the last sentence of the first paragraph of Section 3.03 of the Agreement is hereby deleted in its entirety and replaced as follows:

"The Trustee shall apply any payments received in respect of permitted Optional Redemptions to the outstanding Principal Amounts of the related Note designated in the instructions of the related Borrower set forth in the above mentioned notice, in each case, as approved in writing by the Secretary."

c. Solely for purposes of this Series _____ Supplement and the Series _____ Certificates, the first and second paragraphs of Section 3.07 of the Agreement are hereby deleted in their entirety and replaced as follows:

"Any Borrower may defease the unpaid aggregate Principal Amount of a Note, or the unpaid Principal Amount due on a Principal Due Date, in whole or in part, at any time, subject to the corresponding Contract and this Agreement. For each Note or Principal Amount (or portion thereof) that the related Borrower elects to defease, the Borrower shall establish and maintain with the Trustee a trust account (a "Defeasance Account"), separate and apart from all other accounts of such Borrower and the Trustee. The Borrower shall irrevocably deposit into such account either moneys or Government Obligations that, in the sole discretion of the Secretary, mature and bear interest at times and in amounts sufficient, together with the moneys already on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due with respect to the related

Principal Amount (or portion thereof) that the Borrower elects to defease, in accordance with the notice of the Borrower as specified below.

The Borrower's election to defease shall be evidenced by giving written notices to the Trustee and the Secretary, which notices shall authorize and direct the establishment of the related Defeasance Account, shall specify the money and Government Obligations to be deposited therein and shall specify the particular Principal Amounts (or portions thereof) being defeased and the related Principal Due Date(s) and Optional Redemption Date(s) (consistent with the related Note and Contract). For all purposes of this Agreement, to the extent that a Principal Amount (or portion thereof) is so specified for defeasance in accordance with the Contract, such specification shall constitute an election to redeem on the date specified in the foregoing notice for purposes of the related Note, subject to approval of the Secretary. Upon and in accordance with the Secretary's instructions pursuant to the corresponding Contract, the Trustee shall apply so much of the sums deposited into a Defeasance Account as shall be necessary to purchase the Government Obligations designated by the Secretary's instructions. If the funds deposited were insufficient, or there were excess funds deposited, the Trustee shall follow the Secretary's directions as to the disposition of such funds."

d. The Agreement as modified and supplemented by this Series _____ Supplement with respect to the Series _____ Certificates (but which modification and supplement shall not apply to any other Series of Certificates unless otherwise specified in the related Supplement for such Series of Certificates) is in all respects ratified and confirmed, and

the Agreement as so modified and supplemented by this Series _____ Supplement shall be read, taken and construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Series _____ Supplement to be executed as of the ____ day of _____, 20__.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

By: _____
Signature

Name: _____

Title: _____

JPMORGAN CHASE BANK, as Trustee

By: _____
Signature

Name: _____

Title: _____

**SCHEDULE 2 TO SERIES _____; SUPPLEMENT
TO TRUST AGREEMENT**

CERTIFICATES TO BE ISSUED

<u>CUSIP Number</u>	<u>Principal Amount</u>	<u>Maturity Date</u>¹	<u>Interest Rate</u>
----------------------------	--------------------------------	---	-----------------------------

¹ Principal amounts due on or after August 1, _____ are subject to earlier payment upon an Optional Redemption or an Acceleration Event.

EXECUTION

AMENDED AND RESTATED
MASTER FISCAL AGENCY AGREEMENT

among

the

SECRETARY OF HOUSING
AND URBAN DEVELOPMENT

and

THE CHASE MANHATTAN BANK
(formerly known as Chemical Bank)
as Fiscal Agent

Dated as of May 17, 2000



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Handwritten initials/signature

AMENDED AND RESTATED
MASTER FISCAL AGENCY AGREEMENT

This MASTER FISCAL AGENCY AGREEMENT (the "Agreement") dated as of May 17, 2000 is made and entered into by and between the Secretary of Housing and Urban Development on behalf of certain Borrowers, as hereinafter defined and The Chase Manhattan Bank (formerly known as Chemical Bank), a banking corporation organized and existing under the laws of the State of New York, as Fiscal Agent (the "Fiscal Agent").

This Agreement amends and restates the Master Fiscal Agency Agreement dated as of November 28, 1995 among the Borrowers (as defined therein) and Chemical Bank, a bank organized and existing under the laws of the state of New York, as Fiscal Agent. This Agreement is effective only with respect to those Notes delivered to the Fiscal Agent on or after the date first referenced above.

In consideration of the premises and of the mutual agreements herein contained, the parties agree as follows:

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

Act: The Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§ 5301 et seq.

Advances: Such amounts as may be advanced to or on behalf of a Borrower under a Variable/Fixed Rate Note from time to time by the Holder of such Variable/Fixed Rate Note pursuant to an interim financing agreement. Unless expressly stated, the term "Advance" does not include "Conversion Date Advances."

Advance Order: The written order of the Secretary delivered to the Fiscal Agent pursuant to Section 2.04(b) hereto, in substantially the form set forth in Exhibit D hereto.

Agreement: This Amended and Restated Master Fiscal Agency Agreement and all amendments and supplements hereto.

Aggregate Principal Amount: For each Variable/Fixed Rate Note, the sum of all Advances and, if applicable, Conversion Date Advances, under such Variable/Fixed Rate Note.

Authorization Order: The written order of the Secretary delivered to the Fiscal Agent pursuant to Section 2.03 and Section 2.04(a) or (c) hereto, in substantially the form set forth in Exhibit C hereto.

Authorized Officer: When used with respect to the Fiscal Agent, means the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Fiscal Agent customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a

particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

Authorized Official: When used with respect to the United States Department of Housing and Urban Development, the Secretary and any other official of such department who at the time shall have been duly authorized to act on behalf of the Secretary.

Borrowers: Eligible public entities, or public agencies designated by such eligible public entities, which have issued debt obligations guaranteed by the Secretary pursuant to Section 108.

Business Day: 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 of New York and the New York Stock Exchange are not closed.

Commitment Amount: The commitment amounts stated on the Commitment Schedule for a Variable/Fixed Rate Note for each related Principal Due Date. The aggregate of all Advances for each Principal Due Date shall not exceed the related Commitment Amount for any Variable/Fixed Rate Note.

Contract: Any Contract for Loan Guarantee Assistance, including any amendments, entered into between a Borrower and the Secretary providing for the issuance of Notes and their related Guarantees by such Borrower and the Secretary, respectively.

Conversion Date: The date (if any) upon which a Variable/Fixed Rate Note is (i) delivered by its Holder to the Fiscal Agent against payment therefor by the purchasers selected by the Secretary to make such payment and (ii) assigned to The Chase Manhattan Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement

Handwritten initials/signature

among the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented. Upon the occurrence of (i) and (ii) in the previous sentence such Variable/Fixed Rate Note converts to a fixed rate obligation, in accordance with its terms.

Conversion Date Advances: Amounts funded on the Conversion Date of a Variable/Fixed Rate Note pursuant to Paragraph 2.04(c).

Corporate Trust Office: The Chase Manhattan Bank's Structured Finance Operations Department, which, at the date of the execution of this Agreement, is located at 450 West 33rd Street, 8th Floor, New York, New York 10001, or any subsequent office of The Chase Manhattan Bank of which the Secretary is notified or the office of a successor fiscal agent.

Date of Note: The date of note stated on any Note.

Director, Financial Management Division: The Director of the Financial Management Division, Office of the Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, and any other official of such department who at the time shall have been duly authorized to act on behalf of such Director.

Fiscal Agent: The Chase Manhattan Bank (formerly known as Chemical Bank), a banking corporation organized and existing under the laws of the State of New York, or its successor in interest, or any successor fiscal agent appointed as herein provided.

Fixed Rate Notes: Notes issued by Borrowers with scheduled fixed interest rates from the date of issuance, substantially in the form of Exhibit A-2 hereof.

Funding Date: In the case of a Variable/Fixed Rate Note, the date of an Advance under such Note, which shall be the Wednesday of any week as requested by a Borrower pursuant to Section 2.04, unless otherwise agreed upon by the initial Holder of such Note and the Secretary. If Wednesday is not a Business Day, then the Funding Date shall be the next succeeding Business Day. Notwithstanding the foregoing, no Funding Date shall occur during the seven day period immediately preceding either (i) a Public Offering Date, or (ii) a Payment Date.

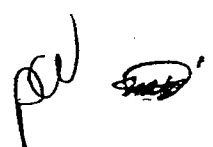
Government Obligation: A direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government 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 the Fiscal Agent.

Guarantee: With respect to any Note, the related Guarantee made by the Secretary pursuant to Section 108 by which the Secretary guarantees the timely payment of the principal of and interest on such Note.

Guarantee Payment: Any payment made by the Secretary pursuant to a Guarantee.

Holder: The Person in whose name a Note is registered in the Note Register.

Maximum Commitment Amount: The sum of the Commitment Amounts stated on the Commitment Schedule attached to a Variable/Fixed Rate Note. The aggregate of all Advances under a Variable/Fixed Rate Note shall not exceed the Maximum Commitment Amount for such Note.



Note: Any note issued by a Borrower and guaranteed by the Secretary pursuant to Section 108, substantially in the form set forth in Exhibit A-1 or A-2 hereto, that is subject to this Agreement.

Note Account: The account created and maintained pursuant to section 3.05.

Note Register: The Register maintained by the Fiscal Agent pursuant to Section 5.01.

Opinion of Counsel: A written opinion of counsel for the Secretary, who may be, but does not have to be, an employee of the Department of Housing and Urban Development.

Payment Date: With respect to all payments due for a Fixed Rate Note or a Variable/Fixed Rate Note after the Conversion Date, each February 1 and August 1. With respect to all payments due for a Variable/Fixed Rate Note on or before the Conversion Date, each February 1, May 1, August 1 and November 1 and the Conversion Date or any other date specified in the applicable Note, on which interest or principal is due and payable. If any Payment Date is not a Business Day, then payments payable on such Payment Date shall be made on the next Business Day.

Person: Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

Principal Amount: In the case of a Variable/Fixed Rate Note (i) before the Conversion Date for such Note, the aggregate amount of Advances made for each Principal Due Date specified in the related Commitment Schedule thereunder, less the amount of any redemption or principal repayment; and (ii) on or after the Conversion Date, the principal amount stated for

each Principal Due Date in Schedule P&I thereto less the amount of any Optional Redemption (as defined in the Note) or principal repayment. In the case of a Fixed Rate Note, the principal amount stated for each Principal Due Date in Schedule P&I thereto less the amount of any Optional Redemption (as defined in the Note) or principal repayment.

Principal Due Date: The stated due date of a Principal Amount outstanding under a Note. If any Principal Due Date is not a Business Day, then payments payable on such Principal Due Date shall be made on the next Business Day.

Public Offering Date: The date of the sale of specified Notes to the underwriters selected by the Secretary in connection with the pooling and public offering of the related series of participation certificates backed by such specified Notes.

Record Date: With respect to any Note, the close of business on the fifteenth calendar day of the month next preceding the month in which a Payment Date occurs.

Secretary: The Secretary of Housing and Urban Development.

Section 108: Section 108 of Title 1 of the Act.

Trustee: The Chase Manhattan Bank, acting in its capacity as Trustee pursuant to the Trust Agreement.

Trust Agreement: The Trust Agreement dated as of January 1, 1995, among the Secretary and The Chase Manhattan Bank, as such agreement may be amended or supplemented from time to time.

Variable/Fixed Rate Notes: Notes issued by Borrowers with a variable interest rate, which converts to scheduled fixed interest rates on the Conversion Date, in substantially the form of Exhibit A-1 hereto.

ARTICLE II

DELIVERY AND REGISTRATION OF NOTES

Section 2.01. Details of Notes. From time to time following the execution and delivery hereof and in accordance with the procedures described herein, the Secretary shall deliver to the Fiscal Agent one or more Notes of one or more Borrowers. Each Note shall be in the form of a fully registered note. The Aggregate Principal Amount of a Variable/Fixed Rate Note shall not exceed such Variable/Fixed Rate Note's Maximum Commitment Amount. Each Note shall be registered in the Note Register pursuant to instructions to be furnished by the Secretary to the Fiscal Agent in accordance with Sections 2.03 and 2.04. Pursuant to the Contract related to each Borrower's Note, each Borrower will have authorized the Secretary to list its Note in the Authorization Order delivered by the Secretary pursuant to Sections 2.03 or 2.04(a) or (c) or any Advance Order delivered by the Secretary pursuant to Section 2.04(b). The Fiscal Agent shall have no responsibility in respect of the authorizations of any Borrower under the relevant Contract or with respect to the information supplied by the Secretary in the Authorization Order from the Secretary pursuant to Section 2.03 or 2.04(a) or (c) or the Advance Order from the Secretary pursuant to Section 2.04(b). Pursuant to such Contract, each Borrower designates and appoints the Fiscal Agent as the paying agent and calculation agent for its Variable/Fixed Rate Notes prior to the Conversion Date, and registrar for all of such Borrower's Notes.

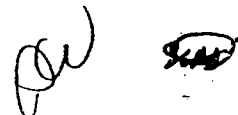
Section 2.02. Acceptance by Fiscal Agent. Upon its receipt of any Notes and their related Guarantees, the Fiscal Agent will acknowledge receipt of such Notes and related

Guarantees delivered by the Secretary to the Fiscal Agent, as paying agent and calculation agent for the Variable/Fixed Rate Notes prior to the Conversion Date, and as registrar for all of the Borrowers' Notes.

Section 2.03. **Authorization Order.** (a) Not less than two (2) Business Days (or such shorter period as the Secretary and the Fiscal Agent shall agree upon) before (i) the time of any delivery of any Notes to Holders under this Agreement and (ii) any Conversion Date, the Secretary shall deliver to the Fiscal Agent an Authorization Order substantially in the form of Exhibit C hereto, which Authorization Order shall direct the Fiscal Agent to: (i) for Fixed Rate Notes, register such Notes, including Schedule P&I thereto; or (ii) for Variable/Fixed Rate Notes, either register the Notes before an initial Advance thereunder, or, on the related Conversion Date, attach the original or revised Schedule P&I to the specified Notes, as applicable. Following such actions, the Fiscal Agent shall deliver the Notes and their related Guarantees in accordance with the terms set forth in the related Authorized Order(s).

(b) Each such order shall set forth the following information, (if necessary):

- (1) the Note number(s) and Borrower name(s)
- (2) the name and address of the Holder;
- (3) whether each Note is Fixed Rate or a Variable/Fixed Rate Note;
- (4) in the case of any Variable/Fixed Rate Note, the aggregate amount of any initial Advance, and the allocation of such Advance to each related Commitment Amount and Principal Due Date;



(5) the Principal Amount and Principal Due Date (or dates) in the case of a Fixed Rate Note;

(6) whether the Notes and their related Guarantees are to be held physically by the Fiscal Agent or transferred to the Holder (or its nominee) of the Notes, and the date such delivery or transfer is to occur;

(7) whether the Notes or certain Principal Amounts due under the Notes are subject to redemption or acceleration prior to their Principal Due Dates and if so, the terms and conditions relating to any redemption or acceleration; and

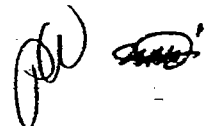
(8) any additional information, directions or Schedules from the Secretary regarding the issuance of the Notes.

(c) the Fiscal Agent agrees that following its receipt of: (1) the Notes and their related Guarantees from the Secretary on behalf of the Borrowers; (2) an Authorization Order from the Secretary covering such Note or Notes; and (3) such Opinion of Counsel and other documents as the Fiscal Agent may reasonably request, the Fiscal Agent will register and deliver the Notes and their related Guarantees in accordance with, and upon the direction of, the Secretary as specified in such Authorization Order.

Section 2.04. Advances and Conversion Date Advances under Variable/Fixed Rate Notes. (a) Initial Advances. Each Variable/Fixed Rate Note provides that the initial Holder thereof shall make an initial Advance under the Variable/Fixed Rate Note on any applicable Funding Date upon the written request of the Borrower and the approval of the Secretary. The Borrower shall deliver its request for an initial Advance to the Secretary at least ten Business

Days in advance of the requested Funding Date. Such request shall include the name of the Borrower, each Principal Due Date for which an Advance is requested, and the amount of each related initial Advance. The Secretary shall deliver to the Fiscal Agent an Authorization Order evidencing such approval for all initial Advances requested for each relevant Funding Date, either together with the related Variable/Fixed Rate Notes, Guarantees and such Opinions of Counsel and such other documents as the Fiscal Agent has requested, or as otherwise agreed. If the initial amount funded under a Variable/Fixed Rate Note is a Conversion Date Advance, then the procedures set forth in Section 2.04(c) below apply instead of this paragraph or paragraph 2.04(b). The Fiscal Agent shall (i) disburse initial Advances in accordance with Section 2.04(d) and the relevant Authorization Order; and (ii) reflect any such initial Advances on its books and records.

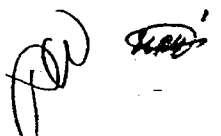
(b) Subsequent Non-Conversion Date Advances. A Borrower may request additional Advances under a Variable/Fixed Rate Note from time to time for any Funding Date following the date of such Note's initial Advance in accordance with the Contract. The Borrower shall deliver its request for such an Advance to the Secretary at least five Business Days in advance of the requested Funding Date. Such request shall include the name of the Borrower, the Note number and Maximum Commitment Amount of the Note, the aggregate of funds requested under the Advance, and the amount of the Advance allocated to each Principal Due Date and each Commitment Amount, as applicable. The Secretary shall deliver an Advance Order, substantially in the form of Exhibit D hereto, to the Fiscal Agent with respect to all Advances approved by the Secretary for each Funding Date following the date of an initial Advance under a Variable/Fixed Rate Note. The Fiscal Agent shall (i) disburse such Advances in accordance

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with Section 2.04(d) and the relevant Advance Order; and (ii) reflect any such Advances on its books and records.

(c) Conversion Date Advances. A Borrower may request a Conversion Date Advance under a Variable/Fixed Rate Note. The Borrower shall deliver its request for such Conversion Date Advance to the Secretary at least ten Business days in advance of the relevant Conversion Date. Such request shall include the name of the Borrower, each Principal Due Date for which a Conversion Date Advance is requested and the amount of any such Conversion Date Advances, together with the Schedule P&I approved by the Secretary for the applicable Borrower's Note. The Secretary shall deliver to the Fiscal Agent an Authorization Order and a revised Schedule P&I including such Conversion Date Advances for each Variable/Fixed Rate Note for which a Conversion Date Advance is made. The Fiscal Agent shall reflect any such Conversion Date Advances on its books and records. The proceeds of each Conversion Date Advance, net of any fees due from the Borrower pursuant to Section 6.01(a) hereof or Section 7.01 of the Trust Agreement shall be disbursed to the Borrower by the Trustee on the Conversion Date.

(d) Procedures. Unless otherwise agreed, all documents required to be delivered to the Fiscal Agent must be received by the Fiscal Agent two Business Days before the related Funding Date or Conversion Date, as applicable. The Fiscal Agent shall notify the Holder of each Variable/Fixed Rate Note of a requested Advance and payment instructions therefor no later than 10:00 a.m. on the Business Day before the Funding Date. The Holder of each Variable/Fixed Rate Note shall remit to the Fiscal Agent Federal funds representing the aggregate amount of all Advances for such Funding Date, which shall not be less than \$25,000 (unless otherwise agreed by the Holder and the Secretary) no later than 2:00 p.m. on such Funding Date. The Fiscal Agent shall remit the proceeds of each Advance in accordance with the instructions provided to

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the Fiscal Agent by the Secretary to the respective Borrower thereof, net of any fees due the Fiscal Agent pursuant to Section 6.01(a) hereof.

(e) Recordkeeping. The Fiscal Agent shall keep a record of (i) all Advances and Conversion Date Advances; (ii) the related Commitment Amounts and the Maximum Commitment Amount and any changes to the same relating to a redemption prior to a Conversion Date or any changes for which the Secretary has provided written notice; (iii) any payments (including prepayments) received in each case for any relevant Principal Due Date; and (iv) any fees paid by the Borrower to the Fiscal Agent with respect to each Variable/Fixed Rate Note (including any amounts withheld by the Fiscal Agent from disbursements to the Borrower). By the fifth Business Day of each month, the Fiscal Agent shall provide the Secretary and the Holder of the related Variable/Fixed Rate Notes with a report of the information contained in the previous sentence for each Variable/Fixed Rate Note as of the last day of the preceding month.

ARTICLE III

ADMINISTRATION OF NOTES

Section 3.01. Modification of Notes. To the extent permitted by the Note, any term of any Note may be modified by such amendments as may be agreed upon from time to time by the Secretary and the Borrower under such Note, with the consent of the Holder (if required). No such change in the terms of any Note shall alter or affect the terms of the Secretary's guarantee.

Section 3.02. Redemption of Notes. If so provided in the applicable Note (subject to the provisions set forth herein and subject to the provisions set forth in such Notes), the Variable/Fixed Rate Notes may be redeemable prior to the Conversion Date in whole or in part at

the option of the Borrower. In order to redeem or prepay such a redeemable Note, the Borrower shall give notice of its intention to redeem such Note to the Secretary and the Fiscal Agent not less than fourteen calendar days prior to the date on which the Borrower intends to redeem the Note. Such notice shall specify the Principal Amount with respect to each Principal Due Date that is to be redeemed. The Fiscal Agent shall give such notice to the Holder of such Note not less than ten calendar days prior to the desired redemption date. After the Conversion Date, any Optional Redemption (as defined in the Note) of a Variable/Fixed Rate Note shall be in accordance with the terms of such Note and the Trust Agreement. The Holders of Notes will have no rights to demand prepayment or redemption of a Note.

Section 3.03. Collection on Guarantees. Pursuant to each Guarantee, the Secretary will unconditionally guarantee the payment of all principal and interest on the Note to which such Guarantee relates when and as due in accordance with the terms of the Notes.

Section 3.04. Notification of Amounts Due. The Fiscal Agent, acting as Calculation Agent, shall prepare and provide to each Borrower, with a copy to the Secretary and the Holder thereof as of the relevant Record Date, a written schedule of total interest, fees (if applicable) and any principal due on the Variable/Fixed Rate Notes of such Borrower fifteen days in advance of the related Payment Date. In addition, if the Fiscal Agent receives a notice (i) from the Secretary specifying the Conversion Date for specified Variable/Fixed Rate Notes, or (ii) from a Borrower, specifying the date of a permissible prepayment or redemption prior to the Conversion Date, then the Fiscal Agent acting as Calculation Agent shall promptly give notice (but in any event no later than two Business Days after receipt of such notice) to the Holder as of the relevant Record Date and the Secretary of the respective amounts (or its best estimate of the respective amounts if the actual amounts cannot be determined on the date of such notice) of interest, fees (if applicable)

and principal (if any), payable by the Borrowers on either (i) the Public Offering Date for all Variable/Fixed Rate Notes to be included in such public offering, or (ii) the date of such prepayment or redemption, as applicable. Thereafter the Secretary shall promptly give notice to each such Borrower of the amount (or the best estimate of such amount provided by the Fiscal Agent) of interest, fees (if applicable) and principal (if any), that such Borrower shall be required to pay on the Public Offering Date or date of such redemption. Such notice shall include written payment instructions with respect to such payment.

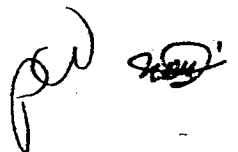
Section 3.05. Collection of Payments; Note Account. The Fiscal Agent shall establish and maintain a separate, non-interest bearing trust account (the "Note Account") into which the Fiscal Agent shall deposit the following:

(a) All interest payments on each Variable/Fixed Rate Note made on or before the Conversion Date of such Note, including those made by the Borrower and those made by the Secretary pursuant to a Guarantee; and

(b) All principal payments on each Variable/Fixed Rate Note made on or before the Conversion Date of such Note, including those made by the Borrower on a Principal Due Date, those made by the Borrower as a prepayment or redemption, and those made by the Secretary pursuant to a Guarantee.

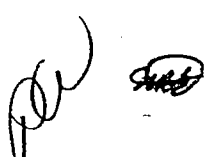
(c) Any fee payments made by the Borrower on each Variable/Fixed Rate Note on or before the Conversion Date of such Note.

Guarantee Payments made by the Secretary in accordance with the terms of Section 3.06 herein shall be deposited by the Fiscal Agent in the Note Account. The moneys paid pursuant to



Section 3.05(a) and (b) above and held as part of the Note Account shall be held in trust for the benefit of the Holders of the related Notes and shall be applied by the Fiscal Agent in accordance with the provisions of Section 3.07 herein. Moneys paid pursuant to Section 3.05(c) above and held as part of the Note Account shall be held solely for the benefit of the Fiscal Agent in its individual capacity.

Section 3.06. Fiscal Agent to Act as Paying Agent and Calculation Agent. (a) The Fiscal Agent shall receive the payments due on the Variable/Fixed Rate Notes made on or before the Conversion Date of such Note and deposit such payments in the Note Account as provided in Section 3.05. Each Borrower shall make such payments directly to the Fiscal Agent by 3:00 p.m. (New York City time) on the seventh Business Day next preceding the relevant Payment Date. No later than 1:00 p.m. (New York City time) on the sixth Business Day next preceding each Payment Date, the Fiscal Agent shall determine whether all payments required to be made on such Notes have been duly received from each Borrower. If such payments have not been received, the Fiscal Agent shall notify the Secretary by a telephone call to the Director, Financial Management Division, confirmed in writing by telex or telecopy in the form attached hereto as Exhibit E, that the Secretary may be required to make a Guarantee Payment, and shall provide notice of the amount of such payment. If a payment (other than a fee payment) required to be made by a Borrower on a Note has not been duly received by the Fiscal Agent by the close of business on the third Business Day next preceding the Payment Date, then by no later than 10:00 a.m. (New York City time) on the Business Day next succeeding the relevant Payment Date, the Fiscal Agent shall notify the Secretary, by a telephone call to the Director, Financial Management Division, confirmed in writing by telex or telecopy, in the form attached hereto as Exhibit F, that the Secretary is required to make a Guarantee Payment and shall provide notice of



the amount of such payment. The Secretary shall make any required Guarantee Payment by wire transfer to the Fiscal Agent in Federal funds, for subsequent payment by the Fiscal Agent to the Holder in accordance with the terms of Section 4.01 herein. If a payment required to be made on a Note has not been duly received from either the Borrower or the Secretary by 2:30 p.m. on the second Business Day next succeeding the Payment Date, pursuant to the terms of the Borrower's Note, interest shall accrue on the amount of such payment at the variable rate in effect for such Note from the applicable Payment Date until the date of payment to the Fiscal Agent. The Secretary shall use its best efforts to obtain for the Fiscal Agent payment of any unpaid fees due from a Borrower. Any such payment shall be from the assets pledged by the Borrower to the Secretary as security for the repayment of the Notes and related costs authorized by the Secretary.

(b) The Fiscal Agent shall act also as calculation agent in respect of the Variable/Fixed Rate Notes. The Fiscal Agent shall calculate the amount of interest and principal, if any, due on each Variable/Fixed Rate Note on any Payment Date on or before the related Conversion Date at least fifteen days in advance of such Payment Date in accordance with the terms and conditions of such Variable/Fixed Rate Note. Pursuant to Section 3.04, the Fiscal Agent shall notify the Borrower, the Secretary and the Holder of the Variable/Fixed Rate Note of the applicable variable interest rates and amounts due (including any fees) with respect to the Variable/Fixed Rate Notes, determined in accordance with this Section. The determination by the Fiscal Agent of the variable interest rate for, and the calculation of the interest due on, the Variable/Fixed Rate Notes pursuant to this Section shall (in the absence of manifest error) be final and binding.

The Fiscal Agent will keep records of all determinations under this Section, including, but not limited to, a copy of the relevant page of the Wall Street Journal or similar publication or

a print-out of any Telerate Page or similar computer screen or a copy of any communications stating the applicable interest rate from the Holder that the Fiscal Agent used to calculate the applicable interest rate for any Reset Date defined in the Note, and shall permit the Secretary or any Holder of a Variable/Fixed Rate Note at any reasonable time to examine such records, and will furnish such other information in respect of the determination of the interest rate as the Secretary or any Holder of a Variable/Fixed Rate Note shall reasonably request.

Section 3.07. **Permitted Charges Against Note Account.** The Fiscal Agent shall, from time to time, withdraw funds from the Note Account for the following purposes:

(a) First, to make payments to the Holders in the amounts and in the manner provided for in Section 4.01;

(b) Second, to reimburse the Secretary for any Guarantee Payment made with respect to the Notes to which the Note Account relates, provided that such reimbursement shall be limited to amounts received on a Note by the Fiscal Agent that represent late recoveries of payments of principal and/or interest respecting such Note for which any Guarantee Payment was made; and

(c) Third, to pay any fees owed to the Fiscal Agent, provided that such payment shall be limited to amounts received by the Fiscal Agent that represent actual fees due and paid by a Borrower on its Note; and

(d) Fourth, to clear and terminate the Account pursuant to Section 8.01 (if applicable).

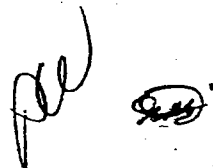
Section 3.08. **Fiscal Agent to Cooperate; Release of Notes.** Upon payment in full to the Holder of any Variable/Fixed Rate Note (including pursuant to the related Guarantee), the Fiscal Agent shall obtain from the Holder and release the Note to the Secretary.

Section 3.09. **Replacement Notes.** If (i) any mutilated Note is surrendered to the Fiscal Agent, or the Fiscal Agent receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Fiscal Agent such security or indemnity as may be required by it to hold it, the Borrower and the Secretary harmless, then, in the absence of notice to the Fiscal Agent that such Note has been acquired by a bona fide purchaser and upon the Holder's paying the reasonable expenses of the Fiscal Agent, the Borrower under such Note shall execute and the Fiscal Agent shall deliver, in exchange for such mutilated Note or in lieu of such destroyed, lost or stolen Note, a new Note of like date, tenor and principal amounts, as appropriate.

ARTICLE IV

PAYMENTS

Section 4.01. **Payments.** On each Payment Date that occurs on or before the Conversion Date relating to a particular Variable/Fixed Rate Note, the Fiscal Agent, as paying agent for the Borrower under such Note, shall pay to the corresponding Holder determined as of the close of business on the next preceding Record Date (other than as provided in Section 8.01 respecting the final payment) all amounts credited to the Note Account in respect of principal and interest on the related Notes as of 10:00 a.m. (New York City time) on the applicable Payment Date, other than amounts, if any, which represent late recoveries of principal and/or interest in respect of which any Guarantee Payment was made. Interest and principal payments on a Variable/Fixed Rate Note and, upon presentation and surrender of such Note at redemption in full, or at the final Principal Due Date, the Aggregate Principal Amount then outstanding, are payable (i) by mailing a check payable in New York clearing house funds to such Holder at the address of such Holder on the Note Register or (ii) at the request of the Holder, by wire transfer



to such commercial bank located in the continental United States having appropriate facilities therefor as such Holder may designate in writing to the Fiscal Agent (provided that the Holder shall have given the Fiscal Agent appropriate written wire transfer instructions not later than the Record Date with respect to such payment). Payments on Fixed Rate Notes and on Variable/Fixed Rate Notes after the Conversion Date shall be made in accordance with the Trust Agreement.

ARTICLE V

REGISTRATION OF NOTES

Section 5.01. Registration of Transfers and Exchanges of Notes. The Fiscal Agent shall be the registrar of the Notes for the purposes of registering the Notes and maintaining a record of any transfers and exchanges of Notes as herein provided. The Fiscal Agent shall cause to be kept at the office to be maintained in accordance with the provisions of Section 5.03 hereof, a Note Register in which it shall record for each Note, the name and address of the registered Holder, Commitment Amounts, the Principal Amounts and the Principal Due Dates thereof and such other information as may be required by this Agreement or applicable law or regulation.

Registration of transfer shall be subject to such reasonable regulations as the Fiscal Agent may prescribe. No registration of transfer or exchange of any Note may be made unless all information required to be provided by the Holder has been given as provided in the "Assignment and Transfer" portion of the form of Note. Upon surrender for registration or transfer of any Note at the office that the Fiscal Agent maintains for such purpose pursuant to Section 5.03, the Fiscal Agent shall cause the Borrower under such Note to execute and deliver in the name of the designated transferee or transferees, one or more new Notes of like Aggregate Principal Amount.

At the option of the Holder, a Note may be exchanged for Notes of like Aggregate Principal Amount, upon surrender at the office that the Fiscal Agent maintains for such purpose pursuant to Section 5.03.

Every Note presented or surrendered for registration of transfer or for exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer or authorization for exchange in form satisfactory to the Fiscal Agent duly executed by the Holder thereof or by its attorney duly authorized in writing.

Exchanges and transfers will be without charge to the Person presenting the Note for transfer or exchange, except that the Fiscal Agent may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of a Note.

All Notes surrendered for registration of transfer or exchange shall be cancelled by the Fiscal Agent in accordance with its standard procedures. All such cancelled Notes shall be forwarded to the Secretary by the Fiscal Agent from time to time.

Section 5.02. **Persons Deemed Holders**. Prior to due presentation of a Note for registration of transfer, the Borrower under such Note, the Secretary, the Fiscal Agent and any of their agents may treat the Person in whose name any Note is registered as the holder of such Note for the purpose of receiving payments pursuant to Section 4.01 hereof and for all other purposes whatsoever. Neither the Borrower, the Secretary, the Fiscal Agent nor any of their agents shall be affected by notice to the contrary. Notwithstanding the foregoing, the Borrower under a Variable/Fixed Rate Note, the Secretary, the Fiscal Agent and any of their agents shall, on and after the Conversion Date, treat the Trustee as the holder of such Note for the purpose of

receiving payments pursuant to Section 4.01 and for all other purposes whatsoever. Neither the Borrower, the Secretary, the Fiscal Agent nor any of their agents shall be affected by any notice to the contrary.

Section 5.03. Maintenance of Office or Agency. The Fiscal Agent shall maintain a designated office or agency where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Borrowers or the Fiscal Agent in respect of the Notes and this Agreement may be served. The Fiscal Agent designates its Corporate Trust Office as such office for said purposes.

ARTICLE VI

RIGHTS AND DUTIES OF BORROWERS

Section 6.01. Compensation and Indemnification of Fiscal Agent. (a) Pursuant to the related Contract, each Borrower under a Variable/Fixed Rate Note agrees to pay the Fiscal Agent fees as provided in this Section for the services the Fiscal Agent provides in respect of such Variable/Fixed Rate Note. Such fees shall be as set forth in Exhibit G hereof and shall be either deducted by the Fiscal Agent directly from the proceeds of any Advance in respect of a Variable/Fixed Rate Note, or included in the quarterly notification of amounts due that the Fiscal Agent provides under Section 3.04, each in accordance with Exhibit G. Each Borrower also shall pay the Fiscal Agent any additional compensation agreed to be paid to the Fiscal Agent. The Borrowers will pay all out-of-pocket expenses, including fees and disbursements of counsel incurred by the Fiscal Agent in the performance of its duties hereunder; provided, however, that (1) the Fiscal Agent shall in no event acquire any lien upon any Notes administered pursuant to this Agreement, or any moneys received with respect thereto (other than fee payments pursuant to this Section 6.01(a) and Section 3.05(c)), or any claim against the Holders of the Notes, by

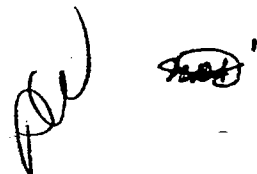
reason of the failure of the Borrowers to pay any of such charges or expenses, and (2) the Borrowers shall not be required to pay any out-of-pocket expenses incurred by the Fiscal Agent to the extent that the expenses are chargeable under Section 5.01 hereof to persons requesting the transfer or exchange of Notes.

The terms of this Section 6.01 with respect to claims arising in connection with the Fiscal Agent's duties while acting as such shall survive the termination of this Agreement or the resignation or removal of the Fiscal Agent.

(b) The Secretary hereby agrees:

(1) to reimburse the Fiscal Agent upon its request for all reasonable, otherwise uncompensated out-of-pocket expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Agreement (including the reasonable compensation and expenses and disbursements of its agents, attorneys and counsel and of all persons not regularly in its employ), except any such expense, disbursement or advance that either was paid by Borrowers pursuant to Section 6.01(a), or is attributable to its gross negligence, willful misconduct or bad faith; and

(2) to indemnify the Fiscal Agent for, and to hold it harmless against, any loss, liability or expense incurred without bad faith, willful misconduct or gross negligence on its part arising out of or in connection with the acceptance or administration of this Agreement or the Notes, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Fiscal Agent shall notify the Secretary promptly of any claim for which it may seek indemnity under this Clause (2).

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The Secretary shall defend the claim and the Fiscal Agent shall cooperate in the defense.

The Fiscal Agent may have separate counsel with the consent of the Secretary and the Secretary will pay the reasonable fees and expenses of such counsel. The Secretary need not pay for any settlement made without its consent.

(c) The unpaid obligations of the Borrowers under Section 6.01(a) and the Secretary under Section 6.01 (b) shall be payable solely out of grants or other assets pledged by the applicable Borrowers to the Secretary as security for repayment of the Notes (and related costs authorized by the Secretary) pursuant to the applicable Contracts. The obligations of the Secretary under Section 6.01 (b) shall survive the termination or expiration of this Agreement or the resignation or removal of the Fiscal Agent.

ARTICLE VII

RIGHTS AND DUTIES OF FISCAL AGENT

Section 7.01. **Duties of Fiscal Agent.** The Fiscal Agent undertakes to perform only such duties as are specifically set forth in this Agreement. With respect to each Variable/Fixed Rate Note and the related Guarantee that are delivered to the Fiscal Agent, the Fiscal Agent shall act as paying agent and calculation agent on or prior to the Conversion Date. The Fiscal Agent shall act as registrar for all Notes for the duration of this Agreement. Except upon compliance with the provisions of Sections 2.03, 2.04, 3.08 or 3.09, none of the Notes, their related Guarantees or any other related instruments or documents shall be delivered by the Fiscal Agent to the Holders or to the Secretary, or otherwise released from the possession of the Fiscal Agent.

No provision of this Agreement shall be construed to relieve the Fiscal Agent from liability to any Borrowers or the Secretary for its bad faith, willful misconduct or gross negligence; provided, however, that:

(a) The duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Agreement; the Fiscal Agent shall not be liable except for gross negligence or willful misconduct in the performance of such duties and obligations as are specifically set forth in this Agreement; no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent and, in the absence of bad faith on the part of the Fiscal Agent, the Fiscal Agent may rely conclusively, as to the truth and accuracy of the statements and contents and the correctness of the opinions expressed therein, upon any certificates, opinions, resolutions, statements, reports, documents, orders or other instruments furnished to the Fiscal Agent and conforming to the requirements of this Agreement;

(b) The Fiscal Agent shall not be personally liable for an error of judgment made in good faith by an Authorized Officer or Authorized Officers of the Fiscal Agent, unless it shall be proved that the Fiscal Agent was grossly negligent in ascertaining the pertinent facts; and

(c) In no event shall the Fiscal Agent be liable hereunder for special, indirect or consequential loss or damage of any kind whatsoever.

Section 7.02. Certain Matters Affecting Fiscal Agent. Except as otherwise provided in Section 7.01:

(a) The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate of an Authorized Official, certificate of auditors or any other

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certificate, statement, instrument, opinion (including an oral opinion or advice of counsel), report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

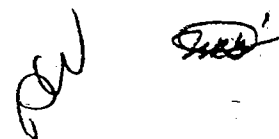
(b) The Fiscal Agent may consult with counsel who may be, but does not have to be, an employee of the Fiscal Agent and any opinion of such counsel, whether oral or written, shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such opinion of counsel, and the Fiscal Agent shall not be required to take any action in violation of law or any action that would, in its reasonable determination, expose it to any fine or penalty imposed by law;

(c) The Fiscal Agent shall not be personally liable for any action taken, suffered or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(d) The Fiscal Agent may exercise any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent, attorney or securities depository appointed with due care by it; and

(e) The Fiscal Agent shall not be obligated to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, consent, order, approval or other paper or document.

Section 7.03. **Fiscal Agent Not Liable for Notes.** The recitals contained in the Notes shall be taken as statements of each Borrower, and the Fiscal Agent assumes no responsibility for



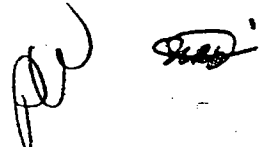
their correctness. The Fiscal Agent makes no representation as to the validity or sufficiency of this Agreement or of any Note, guarantee or related document or any defeasance and shall not be held liable for any defect in any portion thereof. The Fiscal Agent shall not be accountable for the use or application by the Secretary or any Borrower of any of the Notes or of the proceeds of such Notes.

Section 7.04. **Eligibility Requirements for Fiscal Agent.** The Fiscal Agent hereunder shall at all times be a corporation having its principal office in the State of New York and organized and doing business under the laws of such State of the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 7.04, the combined capital and the surplus of such corporation 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 Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.04, the Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.05.

Section 7.05. **Resignation and Removal of Fiscal Agent.** Subject to the further provisions of this Section 7.05, the Fiscal Agent may resign at any time and be discharged from its duties as the Fiscal Agent hereunder by giving at least sixty (60) days' prior written notice of such resignation to the Secretary and the Borrowers and specifying the date on which such resignation is to take effect, and the Fiscal Agent may be removed by the Secretary as the Fiscal Agent at any time, with or without cause, by giving at least five (5) Business Days' prior written

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notice of such removal delivered to the Fiscal Agent and specifying the date on which removal is to take effect. Upon any such resignation or removal, pursuant to the terms of each Borrower's Contract, the Secretary may, without other formality than appointment and designation in writing (a copy of which written instrument shall be promptly provided to the resigning or removed Fiscal Agent), appoint a successor fiscal agent, provided that such successor fiscal agent shall be eligible under the provisions of Section 7.04. Any successor fiscal agent appointed as provided herein shall execute, acknowledge and deliver to the Secretary, the Borrowers and its predecessor fiscal agent an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor fiscal agent shall become effective and such successor fiscal agent, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as fiscal agent herein. Upon acceptance by such successor fiscal agent of its appointment hereunder or in the absence of such an appointment upon the effective date of the resignation or removal as specified in the applicable notice referred to above (or, if the notice does not so specify, the expiration of the sixty (60) or five (5) day period referred to above), the Fiscal Agent shall deliver to such successor fiscal agent or the Secretary, as the case may be: (i) all of the Notes and their related Guarantees (if then held by the Fiscal Agent) and other property relating to the Notes then in its custody; and (ii) all funds in or otherwise to the credit of the Note Account other than any funds then held pursuant to Section 3.05(c). The Fiscal Agent shall otherwise release, assign and deliver to such successor fiscal agent or the Secretary, as the case may be, against receipt by such successor fiscal agent or the Secretary, as the case may be, including without limitation, by transmitting to such successor fiscal agent or the Secretary, as the case may be, for deposit in successor accounts, established by the successor fiscal agent or

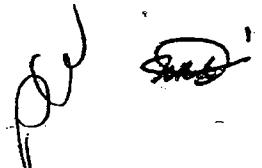
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the Secretary, as the case may be, all other property relating to the Notes in its possession, and effect a transfer of such property in such manner and pursuant to such instruments as the Secretary shall reasonably request. The Fiscal Agent shall likewise deliver at such time to such successor fiscal agent or the Secretary, as the case may be, all of the Note Registers and all related records and documents in its possession. The Fiscal Agent shall not be discharged from its duties or obligations hereunder following its resignation or removal until such property has been delivered to such successor or the Secretary, as the case may be, and transferred, as provided above.

Section 7.06. **Merger or Consolidation of Fiscal Agent.** Any corporation into which the Fiscal Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be successor of the Fiscal Agent hereunder, provided such corporation shall be eligible under the provisions of Section 7.04, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 7.07. **Fiscal Agent May Own the Notes.** The Fiscal Agent in its individual or any other capacity may become owner or pledgee of the Fixed Rate Notes or the Variable/Fixed Rate Notes (after the Conversion Date) with the same rights it would have if it were not the Fiscal Agent.

Section 7.08. **Fidelity Bond or Insurance.** So long as any Note is administered hereunder, the Fiscal Agent shall at all times maintain a fidelity bond or such insurance coverage

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in respect of its fiscal agent capacity hereunder as it ordinarily maintains when acting in such capacity.

Section 7.09. **Fiscal Agent Not Liable for Investments.** The Fiscal Agent shall have no liability for any loss sustained as a result of any investments made pursuant to the instructions of any of the parties hereto.

ARTICLE VIII

TERMINATION

Section 8.01. **Termination.** The respective obligations and responsibilities of the Borrowers and the Fiscal Agent created hereby with respect to any Note administered by the Fiscal Agent (other than the obligations of the Borrowers and the Fiscal Agent to make payments to Holders as hereafter set forth) shall terminate upon the final payment of the last Note administered by the Fiscal Agent at its final Principal Due Date. No notice need be given and final payment will be made from the corresponding Note Account on the next following Payment Date upon presentment and surrender of the Note at the office maintained pursuant to Section 5.03.

With respect to each Borrower, upon the final payment of principal of and interest on each Note, for which a separate Note Account has been established pursuant to Section 3.05, the Fiscal Agent shall notify the Secretary of any moneys deposited in such Note Account that have remained unclaimed by any Holder entitled to receive the same for at least two (2) years after the date upon which such final payment should have been made. The Fiscal Agent may, and upon receipt of a written request of the Secretary shall, pay over to the Secretary the unclaimed amount so deposited and the Holder shall thereafter look only to the Secretary for payment of

AW *[Signature]*

such unclaimed amount, and all liability of the Fiscal Agent with respect to such unclaimed amount shall thereon cease.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.01. **Amendment**. No amendment, modification, termination or waiver of any provision of this Agreement, nor any consent to any departure by any party from any provision hereof binding upon such party, shall be effective unless the same shall be in writing and signed by the parties hereto. No such amendments, modification, waiver or consent shall adversely affect the rights of the Holder or Holders of any Note issued in accordance with the terms of this Agreement and outstanding at the time of such amendment, modification, waiver or consent absent agreement by such Holder or Holders. The Fiscal Agent may, but shall not be obligated to, enter into any amendments that affect its rights, duties and immunities under this Agreement.

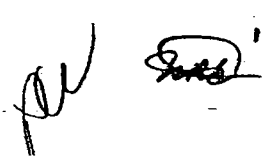
Section 9.02. **Inspection of Documents by Holders**. The Fiscal Agent shall keep a fully executed or conformed copy of this Agreement (together with all amendments, supplements, waivers and consents hereto) on file at its Corporate Trust Office, and shall permit reasonable inspection (and limited copying) to be made of this Agreement during normal business hours by any Holder or by its designee, at such Person's expense, provided that the Person purporting to be such Holder or designee establishes his identity and capacity to the Fiscal Agent's satisfaction.

Section 9.03. **Governing Law**. This Agreement and the Notes and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be

performed therein, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws.

Section 9.04. **Notices.** All demands, notices and communications hereunder and under the Exhibits hereto shall be in writing and shall be deemed to have been duly given when and if personally delivered at or mailed by registered mail, postage prepaid, (a) in the case of the Secretary, to the United States Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, Attention: Director, Financial Management Division, Office of the Assistant Secretary for Community Planning and Development, or such other address as may hereafter be furnished to the Fiscal Agent in writing by the Secretary, and (b) in the case of the Fiscal Agent, to The Chase Manhattan Bank, 450 West 33rd Street, 8th Floor, New York, New York 10001, Attention: Structured Finance Operations, or such other address as may hereafter be furnished to the Borrowers and to the Secretary, in writing, by the Fiscal Agent. The Secretary shall provide the Fiscal Agent with Notice information for each Borrower in the related Authorization Order. The Fiscal Agent is entitled to a copy of any notice given to any Borrower or to the Secretary by any Holder. Any notice requested or permitted to be mailed to a Holder shall be given by first class mail, postage prepaid, at the address of such Holder as shown in the Note Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.


Section 9.05. **Severability of Provision.** If any one or more of the covenants, agreements, provisions, or terms of this Agreement 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 Agreement and shall in no way

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affect the validity or enforceability of the other provisions of this Agreement or of the Notes or the rights of the Holders thereof.

Section 9.06. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together constitute one and the same instrument.

[Signature Page Follows]

pw 

IN WITNESS WHEREOF, the Secretary and the Fiscal Agent have duly approved the terms and provisions hereof by causing the names of their respective officers duly authorized to be executed on this Agreement.

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

By: _____
Name:
Title:

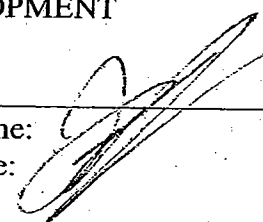
THE CHASE MANHATTAN BANK, as Fiscal
Agent

By: _____
Name: P. KELLY
Title: VICE PRESIDENT

IN WITNESS WHEREOF, the Secretary and the Fiscal Agent have duly approved the terms and provisions hereof by causing the names of their respective officers duly authorized to be executed on this Agreement.

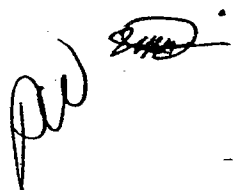
SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

By: _____
Name: _____
Title: _____



THE CHASE MANHATTAN BANK, as Fiscal
Agent

By: _____
Name: _____
Title: _____



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

[FORM OF VARIABLE/FIXED RATE NOTE (For Interim/Long-Term Financing)]

NOTE NUMBER: _____

DATE OF NOTE: _____

BORROWER: _____

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: \$ _____

COMMITMENT AMOUNTS: See Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER:

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, _____ (the "Borrower", which term includes any successors and assigns), a public entity organized and existing under the laws of the State (or Commonwealth, if applicable) of _____ 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

(formerly known as Chemical 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 therefor by the purchasers selected by the Secretary to make such payment; and (ii) assigned to The Chase Manhattan Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement among 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

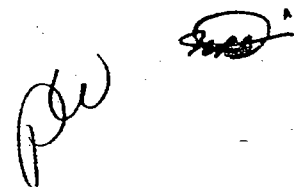
From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable 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, 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 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), unless this Note is redeemed 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

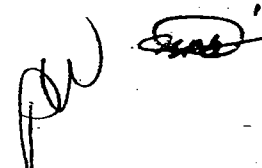
The following events shall occur on the Conversion Date:

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 that 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, the fixed rate applicable to each Principal Amount, together with the applicable Principal Due Date each 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

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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 shall not exceed the amount of any unused Commitment Amounts for any Principal Due Date.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is cancelled, 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 after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of a prepayable 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 nor 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, between the Secretary and the Borrower, the designated public entity named therein (if applicable), or the State named therein (if applicable), which 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 cancelled 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]

Handwritten signature and initials in the bottom right corner of the page.

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.

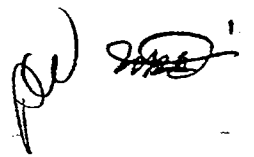
Dated: _____

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



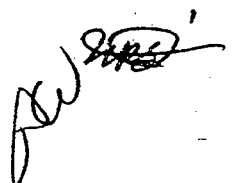
APPENDIX A

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. _____

Principal Due Date	Commitment Amount
August 1, 2000	\$([])
August 1, 2001	[] []
August 1, 2002	[] []
August 1, 2003	[] []
August 1, 2004	[] []
August 1, 2005	[] []
August 1, 2006	[] []
August 1, 2007	[] []
August 1, 2008	[] []
August 1, 2009	[] []
August 1, 2010	[] []
August 1, 2011	[] []
August 1, 2012	[] []
August 1, 2013	[] []
August 1, 2014	[] []
August 1, 2015	[] []
August 1, 2016	[] []
August 1, 2017	[] []
August 1, 2018	[] []
August 1, 2019	\$([])

Maximum Commitment Amount = [[]]

SCHEDULE P&I

Note No. _____

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2000			X
	August 1, 2001			X
	August 1, 2002			X
	August 1, 2003			X
	August 1, 2004			X
	August 1, 2005			X
	August 1, 2006			X
	August 1, 2007			X
	August 1, 2008			X
	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	
_____ = Aggregate Principal Amount				

Principal Amounts for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after [], 20[].

[FORM OF FIXED RATE NOTE (IF NO INTERIM FINANCING USED)]

BORROWER:

NOTE NO.

REGISTERED

DATE:

HOLDER: THE CHASE MANHATTAN BANK

AGGREGATE PRINCIPAL

AMOUNT : \$

For value received, the undersigned, _____ (the "Borrower," which term includes any successors or assigns), a public entity or agency organized and existing under the laws of the State (or Commonwealth, if applicable) of _____, promises to pay to the order of THE CHASE MANHATTAN BANK, as Registered Holder (the "Holder," which term includes any successors or assigns), the Principal Amounts set forth on the attached Schedule P&I as of each applicable Principal Due Date set forth therein, together with interest on such unpaid Principal Amounts at the rates applicable thereto as specified on such attached Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below. The Holder is acting hereunder on behalf of a trust (the "Trust") created pursuant to a Trust Agreement by and between the Secretary of Housing and Urban Development (the "Secretary") and The Chase Manhattan Bank, as trustee (the "Trustee"), dated as of January 1, 1995, as amended (the "Trust Agreement"), as supplemented by the applicable Supplement to the Trust Agreement, by and between the Secretary and the Trustee.

A. Principal and Interest

Interest on a Principal Amount of this Note that is due as of a given date specified on the Schedule P&I attached hereto (such date, the "Principal Due Date" for such Principal Amount) shall accrue at the per annum rate specified on such Schedule P&I from (and including) the date hereof 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. The aggregate of the interest amounts accrued on the entire unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each, an "Interest Due Date") commencing on [February/August] 1, [____], until the Aggregate Principal Amount listed on the Schedule P&I attached 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.

B. Optional Redemption

Certain Principal Amounts indicated as being eligible for Optional Redemption on the Schedule P&I hereto 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 a redeemable Principal Amount, the Borrower shall give notice of its intention to redeem a Principal Amount to the Trustee and the Secretary not less than 60 days nor more than 90 days prior to the Interest Due Date as of which the Borrower intends to redeem 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 such Schedule may not be prepaid.

C. 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, between the Secretary and the Borrower, the designated public entity named therein (if applicable), or the State named therein (if applicable), which refers to and incorporates this Note by the number hereof.

D. Borrower's Timely Payment to Trustee

Notwithstanding anything contained in this Note, 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 Trustee on the seventh Business Day prior to the appropriate Interest Due Date, Principal Due Date or date of Optional Redemption, as applicable.

E. Interest on Late Payments

If a payment of principal or interest herein provided for has not been duly received by the Holder from either the Borrower or the Secretary by the close of business on the applicable Interest Due Date or Principal Due Date, interest shall accrue on the amount of such payment at the applicable interest rate or rates payable on this Note, from the relevant due date 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.

F. Applicability of Fiscal Agency Agreement and Trust Agreement

This Note and payments made hereunder shall be administered pursuant to the terms of the Trust Agreement and are subject to such agreement. The terms and provisions of 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. Capitalized terms not defined in this Note shall have the meanings ascribed to them in Trust Agreement. The Amended and Restated Master Fiscal Agency Agreement dated as of May 17, 2000 between the Secretary and The Chase Manhattan Bank, as Fiscal Agent (the "Fiscal Agency Agreement") provides for The Chase Manhattan Bank, acting as Fiscal Agent to perform certain duties, including the duties of registrar for this Note until this Note is cancelled or a new registrar appointed in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of paying agent and collection agent for this Note 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 the Trustee shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

G. 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 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.

H. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due to the Trustee hereunder. If a Borrower defaults on the payment of any interest or Principal Amount when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph, the Secretary may, but is not obligated to, make 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 Trustee equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such Interest Due Date. 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.

I. 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.

J. 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 or Trustee, including Guarantee Payments.

K. 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.

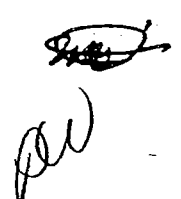
L. Delivery and Effective Date

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.

M. Borrower Specific Provisions

[This space intentionally left blank]

[Signature page follows]

Handwritten signature and initials in the bottom right corner of the page.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower,
has executed and delivered this Note.

BORROWER

By: _____

(Signature)

(Name)

(Title)

ATTEST: _____

(Signature)

(Name)

(Title)



SCHEDULE P&I

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2000			X
	August 1, 2001			X
	August 1, 2002			X
	August 1, 2003			X
	August 1, 2004			X
	August 1, 2005			X
	August 1, 2006			X
	August 1, 2007			X
	August 1, 2008			X
	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	

Aggregate
Principal
Amount of Note: \$

Principal Amounts for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after [], 20[] .

[FORM OF GUARANTEE]

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**GUARANTEE OF THE SECRETARY OF HOUSING
AND URBAN DEVELOPMENT**

NOTE NUMBER: _____
BORROWER: _____
DATE OF NOTE: _____
MAXIMUM COMMITMENT AMOUNT: \$ _____

Guarantee issued pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

TO: HOLDER (as defined in the above-referenced Note)

The Secretary of Housing and Urban Development, pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, but not personally, hereby unconditionally guarantees to the holder of the attached Note (as described above), and pledges to such holder the full faith and credit of the United States of America for, the payment of the principal and interest when and as due on such Note in accordance with its terms. The Secretary waives any requirement for presentment, protest, or other demand or notice with respect to such Note.

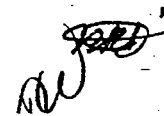
The validity of this Guarantee is incontestable in the hands of any holder of such Note.

IN WITNESS WHEREOF, the Secretary of Housing and Urban Development or his duly authorized representative has signed this Guarantee.

Secretary of Housing and Urban Development

By: _____

Date



[FORM OF AUTHORIZATION ORDER]

_____, 20__

The Chase Manhattan Bank (formerly known as Chemical Bank), as
Fiscal Agent under the
Agreement referred to below
450 West 33rd Street
8th Floor
New York, New York 10001

Attention: Structured Finance Operations Department

Dear Sirs:

The following information is being furnished to you pursuant to Sections 2.03 and 2.04 [(a) or (c), as applicable] of the Amended and Restated Master Fiscal Agency Agreement ("Agreement") dated as of May 17, 2000 providing for the issue of U.S. Government Guaranteed Notes. Capitalized terms used herein and not otherwise defined herein have the same meanings as in the Agreement.

[The following information must be provided regarding each Note to be (i) registered in the name of and delivered to the initial Holder pursuant to Section 2.04(a) of the Agreement or (ii) delivered to the Trustee after attachment of a Schedule P&I pursuant to Section 2.04(c) of the Agreement:

(a) Variable/Fixed Rate Note _____ Fixed Rate Note _____

(b) Note Number: _____

(c) Borrower:
Name:
Address:
Attn:

(d) Name and address of initial Holder

(e)	<u>Principal Due Date</u>	<u>Principal Amount</u>	<u>Commitment Amount</u>	<u>[Initial Advance Amount]</u>
-----	---------------------------	-------------------------	--------------------------	---------------------------------

[Attach either (1) copy of Note; or (2) Schedule P&I, as applicable.]

- (f) Disbursement Date and Disbursement Instructions for initial Advance:
- (g) [State whether the Notes and their related Guarantee are to be held physically by the Fiscal Agent or transferred to Holder and the date such delivery or transfer is to occur.]
- (h) [State whether the Notes are subject to redemption or acceleration prior to their Principal Due Dates indicated above and if so, the terms and conditions relating to any redemption or acceleration].
- (i) [Additional directions, such as identification of Schedules for each Note that may be replaced with substitute pages enclosed herewith.]
- (j) [Such other matters as the Secretary and the Fiscal Agent may agree including additional payment instructions, i.e., instructions to the Fiscal Agent regarding disbursement of amounts advanced or received under the Notes] and application of funds received by the Secretary from the Borrower.]

You are hereby instructed [to deliver such Notes to their initial Holder against payment of the initial Advance Amount on the date of the initial Advance authorized hereunder.] [to attach the related Schedule P&I to such Notes and deliver them to the Trustee] [BRACKETED LANGUAGE MAY BE INCLUDED AS APPLICABLE.]

Very truly yours,

**SECRETARY OF HOUSING AND URBAN
DEVELOPMENT**

By: _____
Name: _____
Title: _____

Handwritten signature and initials in the bottom right corner of the page.

[FORM OF ADVANCE ORDER]

The Chase Manhattan Bank
as Fiscal Agent
450 West 33rd Street
8th Floor
New York, New York 10001

Attention: Structured Finance Operations Department

Re: Advance Order
Variable/Fixed Rate Note No. _____
[Name of Borrower]

To Whom It May Concern:

The following information is being furnished pursuant to Section 2.04(b) of the Amended and Restated Master Fiscal Agency Agreement ("Agreement") dated as of May 17, 2000. Capitalized Terms used herein, but not defined, shall have the meanings ascribed to them in the Agreement. The Borrower has requested, and the Secretary approved, an Advance under the above-referenced Variable/Fixed Rate Note. You are hereby instructed that the following Advance[s] have been authorized for such Note:

Advance Amount:

Principal Due Date(s) for Advance:

Funding Date of Advance:

Disbursement Instructions for Advance:

[Such other information as the Secretary and the Fiscal Agent may agree.]

You are hereby instructed to notify the Holder of the above-referenced Note of the above information. Upon receipt of funds from the Holder on the date of the Advance, you must, in

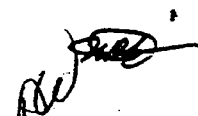
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accordance with Section 2.04(d) and (e) of the Agreement: (i) disburse such Advance to the Borrower; and (ii) update your records to reflect the above Advance.

Very truly yours, ¹

**SECRETARY OF HOUSING AND URBAN
DEVELOPMENT**

By: _____
Name: _____
Title: _____

A handwritten signature in black ink, appearing to be "R. L. ...", is located in the bottom right corner of the page.

[FORM OF NOTICE OF MISSED BORROWER PAYMENT
FROM FISCAL AGENT TO SECRETARY]

Secretary
United States Department of Housing
and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

Attention: Director, Financial Management Division,
Office of the Assistant Secretary for
Community Planning and Development

Re: Amended and Restated
Master Fiscal Agency Agreement
dated as of May 17, 2000 (the "Agreement")

Dear Sir or Madam:

We are furnishing this notice to you pursuant to Section 3.06 of the above-referenced Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned in the Agreement.

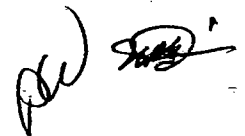
This letter confirms our earlier telephone notice to you that we have not received the payment required to be made on the Note of _____ [insert Borrower name], Note No. _____, with Principal Due Date[s] of [August] 1, _____, in the amount of \$ _____. Such amount represents [principal] [interest] [fees] on such Note.

We agree to notify you no later than 10:00 a.m. (New York City time) on _____ [insert Business Day next succeeding the relevant Payment Date] if we have not received such payment by the close of business on _____ [insert relevant Payment Date].

Very truly yours,

THE CHASE MANHATTAN BANK, (formerly known as Chemical Bank) as Fiscal Agent under the Agreement

By: _____
Name: _____
Title: _____



[FORM OF NOTICE FOR GUARANTEE PAYMENT
FROM FISCAL AGENT TO SECRETARY]

Secretary
United States Department
of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

Attention: Director, Financial Management Division
Office of the Assistant Secretary for
Community Planning and Development

Re: Amended and Restated
Master Fiscal Agency Agreement,
dated as of May 17, 2000 (the "Agreement")

Dear Sir or Madam:

We are furnishing this notice to you pursuant to Section 3.06 of the above-referenced Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned in the Agreement.

This letter confirms our previous telephone notice to you that we have not received the payment required to be made on the Note of _____ [insert Borrower name], Note No. _____, with Principal Due Date[s] of [August] 1, _____, in the amount of \$ _____. Our letter, dated _____, _____ to you notified you that we had not received such payment as of such date.

We are writing this letter to inform you that you are required pursuant to your Guarantee of such Note to make a Guarantee Payment in the amount on \$ _____ in respect of the above-mentioned Note. Payment should be made by wire transfer to us in immediately available funds to:

[Handwritten initials]

[Insert wire instructions here.]

Very truly yours,

THE CHASE MANHATTAN BANK,
as Fiscal Agent
under the Agreement

By: _____
Name: _____
Title: _____

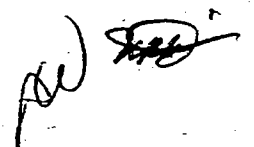
A handwritten signature in dark ink, appearing to be 'J.W. Smith', is located in the bottom right corner of the page.

EXHIBIT G

**SCHEDULE OF FISCAL AGENT FEES
FOR VARIABLE/FIXED RATE NOTES SERVICES**

Each Borrower shall pay a fee to the Fiscal Agent of **\$70.00 per Advance**, broken down as follows:

- \$15** – custodial/fiscal agency services
- \$25** – wire fee
- \$30** – paying agency services

The Fiscal Agent shall deduct such fees from each Advance due to each Borrower at the time the Fiscal Agent remits the related Advance proceeds.

In addition, Borrowers with Variable/Fixed Rate Notes remaining in variable rate mode after any public offering of certificates of participation pursuant to the Trust Agreement shall pay an Administration Fee of **\$100 per quarter**. The Fiscal Agent shall include each such quarterly Administration Fee as a line item in the related quarterly notification of amounts due under Section 3.04 of this Agreement. Each quarterly Administration Fee is due from the Borrower to the Fiscal Agent at the same time as the Borrower's quarterly interest payment to the Fiscal Agent. If unpaid when due, the quarterly Administrative Fee may be deducted by the Fiscal Agent from any subsequent Advance or Conversion Date Advance made to the related Borrower.

pe *[Signature]*

Execution

TRUST AGREEMENT

by and between

THE SECRETARY OF THE UNITED STATES DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT,
as sponsor of a Trust

and

CHEMICAL BANK,
as Trustee

Dated as of January 1, 1995

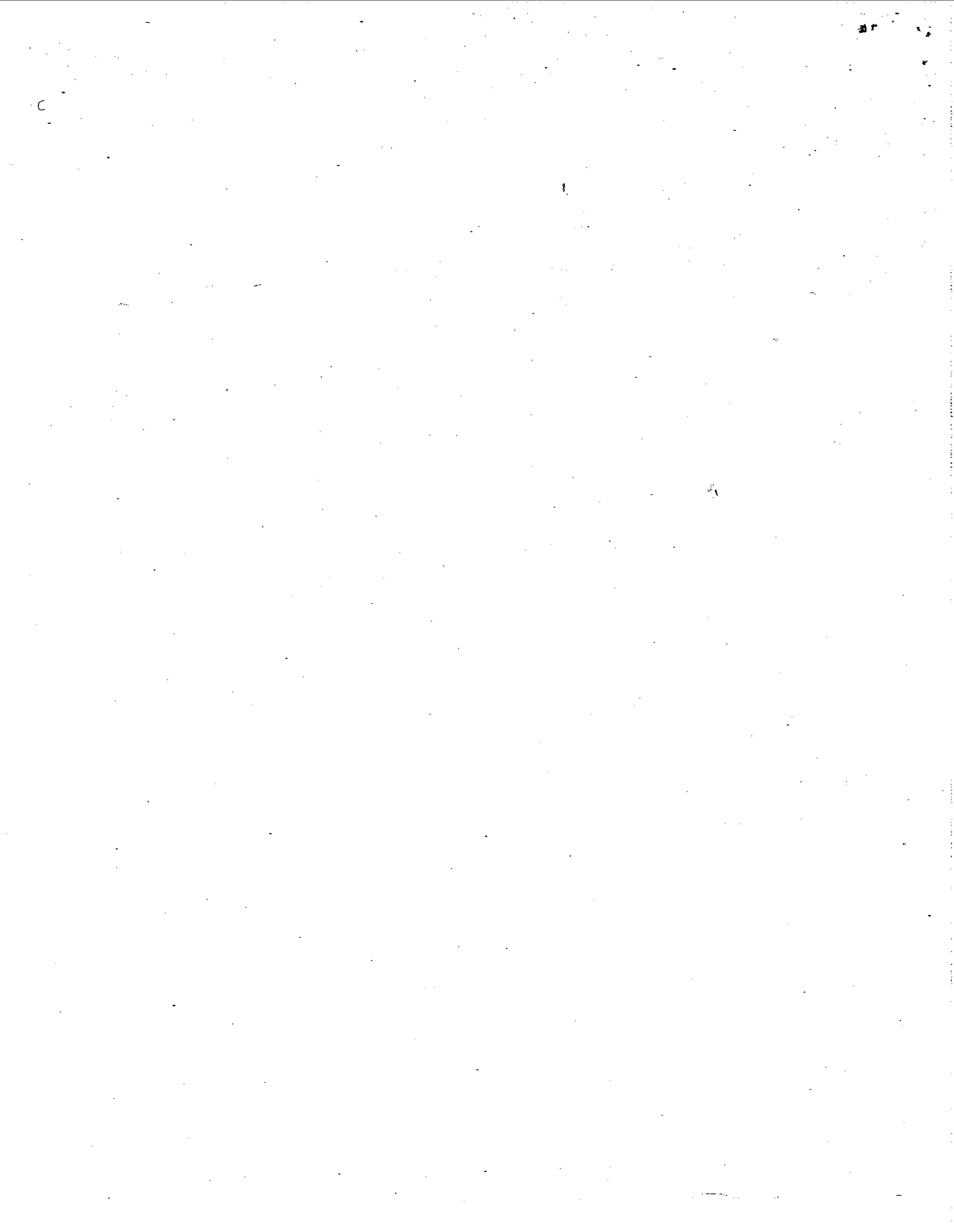


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TRUST AGREEMENT

This TRUST AGREEMENT is made and entered into as of this 1st day of January, 1995, by and between the SECRETARY OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (the "Secretary"), as sponsor of a Trust (as defined herein) created on behalf of units of general local government and public agencies designated by such units of general local government (the "Borrowers"), and CHEMICAL BANK, a New York banking corporation, as Trustee (the "Trustee"). With respect to the issuance of any Series of Certificates hereunder, this Trust Agreement, together with the Supplement to the Trust Agreement (as defined herein) executed with respect to such specific Series, shall hereinafter be referred to as the "Agreement."

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

Acceleration Event: Any default in the payment of principal or interest when due on a Note by a Borrower or other event, with

respect to which the Secretary elects to make an acceleration payment under the Note and the corresponding Contract.

Acceleration Payment: On or after the occurrence of an Acceleration Event with respect to a Note, the payment by the Secretary of an amount equal to the aggregate unpaid Principal Amount thereof together with accrued and unpaid interest thereon to the Interest Due Date as of which the Acceleration Payment is made.

Act: The Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§ 5301 et seq.

Agreement: This Trust Agreement and all amendments and supplements hereto.

Authorized Officer: When used with respect to the Trustee, means the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president or assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such

matter is referred because of his knowledge of and familiarity with the particular subject.

Authorized Official: When used with respect to HUD, the Secretary and any other official of HUD who at the time shall have been duly authorized to act on behalf of the Secretary.

Beneficial Owners: The actual purchasers of interests in the Certificates, whose ownership interests are recorded through the book-entry system of DTC.

Borrower: Any unit of general local government or a public agency designated by such unit of general local government that has issued debt obligations eligible for pooling and inclusion in a trust and against which trust Certificates guaranteed by the Secretary may be issued pursuant to Section 108.

Business Day: A day on which banking institutions in New York City are not required or authorized to be closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed.

Cede & Co.: The nominee name of DTC.

Certificate: Any one of the certificates of participation with respect to a Trust, to be issued in one or more Series, executed, issued and authenticated in global or definitive form pursuant hereto, in substantially the form attached hereto as Exhibit A and specifying the applicable Maturity Date (Principal

Due Date), Pass-Through Interest Rate and the aggregate of all Principal Amounts due on such Principal Due Date.

Certificate Account: With respect to any Series and related Trust, the account created and maintained pursuant to Section 3.06.

Certificate Guarantee: Any guarantee of HUD endorsed on a Certificate authenticated and delivered pursuant to this Agreement and the guarantee set forth in Section 6.01.

Certificate Register: The Register maintained by the Trustee pursuant to Section 5.03.

Certificate Owner: With respect to any Certificate, a Person who is a beneficial owner thereof.

Certificateholder: The Person in whose name a Certificate is registered in the Certificate Register.

Contract: Any Contract for Loan Guarantee Assistance, including any amendments, entered into between a Borrower and the Secretary providing for the issuance of one or more Notes and their related Guaranty by such Borrower and the Secretary, respectively.

Corporate Trust Office: The office of the Trustee's Corporate Trustee Administration at Chemical Bank, which, at the date of the execution of this Agreement, is located at 450 West 33rd Street, 15th Floor, New York, New York 10001-2697, or the office of a successor trustee.

DTC: The Depository Trust Company, a securities depository for the Certificates, or its nominee, Cede & Co.

Date of Issuance: The date of issuance stated on the Certificates of a Series, which shall be the date on which the Trust to which such Series relates is created by the delivery to the Trustee of Notes (together with any necessary endorsements thereon) and the Guaranty relating to such Notes, and which shall also be the date of issuance of the Notes comprising such Trust.

Defeasance Account: With respect to any Principal Due Date and related Principal Amount of any Note, any account created and maintained pursuant to Section 3.07.

Definitive Certificates: Definitive, fully registered Certificates issued in accordance with Section 5.03 herein.

Depository Participant: A broker, dealer, bank or other financial institution or other Person for which, from time to time, DTC effects book-entry transfers and pledges of securities deposited with DTC.

Director, Financial Management Division: Within HUD, the Director of the Financial Management Division, Office of the Assistant Secretary for Community Planning and Development, and any other official of HUD who at the time shall have been duly authorized to act on behalf of such Director.

Distribution Date: With respect to a Series, each February 1 or August 1 as of which Note payments are due, or, if any such day is not a Business Day, the next succeeding Business Day.

Fee Account: With respect to any trust, any account created and maintained pursuant to Section 7.01.

Fractional Undivided Interest: The fractional undivided interest in a portion of the Trust evidenced by a Certificate and calculated by dividing the Original Principal Amount by the aggregate Principal Amounts due on the Notes on the Principal Due Date (Maturity Date) stated on the face of the Certificate as of the Date of Issuance. For purposes of this definition, the portion of the Trust in which a Certificateholder has a fractional undivided interest consists of all Principal Amounts of the Notes due on the Principal Due Date set forth on the face of the Certificate, the Guaranty relating to all such Principal Amounts and the Certificate Account for each such Series.

Government Obligation: 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.

Guarantee Payment: Any payment on a Note or Certificate made by the Secretary on behalf of the Borrower, whether made from

security provided by the Borrower or from funds provided by the Secretary.

Guaranty: With respect to all Notes held in a Trust, the related Guaranty, pursuant to which the Secretary guarantees the due and timely payment of the principal of and interest on all such Notes.

Holder: The Person, initially the Trustee, in whose name a Note is registered.

HUD: The U.S. Department of Housing and Urban Development.

Interest Due Date: With respect to any Note, February 1 and August 1 of each year.

Maturity Date: The stated maturity date of a Certificate, which will also be the Principal Due Date of certain Principal Amounts due on the Notes to which such Certificate relates, and with respect to any prepaid Principal Amounts, the date as of which such Principal Amounts are prepaid. If any Maturity Date is not a Business Day, then payments payable on such Maturity Date shall be made on the next Business Day.

Note: Any note issued by a Borrower, held by the Trustee on behalf of the Certificateholder(s) of a given Series, and guaranteed by the Secretary pursuant to Section 108, which is subject to this Agreement.

Note Payment Date: With respect to any Note, the date that is seven Business Days prior to each (i) Interest Due Date, on which

interest accrued through such Interest Due Date is payable by the Borrower, or (ii) Principal Due Date. If any Note Payment Date is not a Business Day, then payments payable on such Note Payment Date shall be made on the next Business Day.

Opinion of Counsel: A written opinion of counsel for the Secretary, who may be, but need not be, an employee of HUD.

Optional Redemption: The full or partial prepayment of a Principal Amount due on a Note by a Borrower in accordance with the optional redemption provisions (if any) of such Note, such optional redemption provisions to provide, among other things, that such an Optional Redemption or the related prepayment, as applicable, (i) shall be made only as of any Interest Due Date occurring on or after a specified date that is at least ten years from the date of issuance of the related Note, (ii) must be received in full by the Trustee by wire transfer of immediately available funds to the Certificate Account on the related Note Payment Date, and (iii) must be accompanied by an identification of the Borrower by name, the HUD-assigned Note number and such other information as the Secretary or the Trustee may specify.

Original Principal Amount: The original principal amount stated on the Certificate, which shall be the amount represented by the Fractional Undivided Interest of such Certificate (or of the original Certificate from which such Certificate is derived) in the aggregate unpaid Principal Amounts due on a specific Principal Due

Date (Maturity Date) as of the Date of Issuance and until the first payment of principal has been made thereon, but does not reflect such amount thereafter.

Pass-Through Interest Rate: With respect to each of the Certificates of a particular Series, the annual rate of interest payable on the Principal Amounts of the Notes to which such Certificate relates, as specified on the face of such Certificate, calculated on the basis of a year of 360 days, consisting of twelve 30-day months.

Person: Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

Principal Amount: Any principal amount of a Note due on a Principal Due Date.

Principal Due Date: With respect to any Note, each August 1 as of which a Principal Amount of such Note is due.

Record Date: With respect to a Series, the Business Day immediately preceding a Distribution Date.

Secretary: The Secretary of HUD or his authorized designee.

Section 108: Section 108 of Title 1 of the Act, as amended.

Series: All Certificates designated to be of the same series on the face thereof that are issued pursuant to this Agreement and

evidence, in the aggregate, the entire beneficial interest of a Trust created pursuant to this Agreement.

Supplement to Trust Agreement: The written agreement between the Secretary and the Trustee, substantially in the form of Exhibit B hereto, whereby Trust assets are delivered to the Trustee, as provided in Section 2.01, and the Trustee is directed to issue the Certificates of the related Series to which such Trust relates, as provided in Section 2.03.

Trust: The corpus of a trust held by the Trustee in trust pursuant to this Agreement for the benefit of the Certificateholders of a particular Series, consisting of (i) the Notes relating to such Series (together with any necessary endorsements thereon) delivered to the Trustee, (ii) the Guaranty relating to such Notes and (iii) the Certificate Account relating to such Series.

Trustee: Chemical Bank, a banking corporation organized and existing under the laws of the State of New York, or its successor in interest, or any successor trustee appointed as herein provided.

Underwriters: The underwriters identified as such in the Underwriting Agreement.

Underwriting Agreement: The written agreement between the Secretary and one or more purchasers of the Certificates of a particular Series.

ARTICLE II

CREATION OF TRUST

SECTION 2.01. Creation of Trust. (a) From time to time following the execution and delivery hereof, the Secretary, acting in its capacity as sponsor of a Trust created on behalf of the Borrowers, will arrange for the delivery to the Trustee of one or more Notes that have been issued by such Borrowers, such Notes to be held by the Trustee as provided herein for the benefit of the Certificateholders of a particular Series to be issued hereunder. The delivery of such Notes will be made pursuant to a Supplement to the Trust Agreement on the Date of Issuance. In connection with the delivery of the Notes in respect of any Trust, the Secretary will also arrange for the delivery to the Trustee of the Guaranty relating to such Notes, duly executed by the Secretary. Upon such delivery to the Trustee, the Notes so delivered, together with the related Guaranty and the Certificate Account created for such Series, will constitute the Trust.

(b) Each of the Borrower's Notes shall be in the form of a fully registered note, registered in the name of the Holder. Each Note will contain one or more Principal Due Dates and corresponding Principal Amounts and interest rates and may contain Optional Redemption provisions relating to one or more of such Principal

Amounts. Each Note shall be in the aggregate amount of the sum of the Principal Amounts stated therein.

SECTION 2.02. Acceptance by Trustee. Upon its receipt of the Trust assets as provided in Section 2.01, the Trustee will acknowledge receipt of such assets delivered to it as Trustee hereunder, and will hold such assets in trust, upon the trusts set forth herein, for the use and benefit of the Certificateholders of the Certificates of the related Series, all in accordance with the terms and conditions of this Agreement; provided, however, that the Trustee shall not be responsible or held liable for reviewing the Trust assets or verifying the contents thereof.

Not less than two (2) Business Days (or such shorter period as the Secretary and the Trustee shall agree upon) before any Date of Issuance, the Secretary shall deliver written instructions directing the Trustee to distribute any amount received from the Underwriters on such Date of Issuance and payable to Borrowers in accordance with the terms set forth therein, together with any other written instructions with respect to the distribution of funds on such Date of Issuance.

SECTION 2.03. Authentication of Initial Certificates. The Trustee agrees that, concurrently with its receipt of the Trust assets, the Supplement to the Trust Agreement relating thereto, and such Opinions of Counsel as the Trustee may reasonably request, it will cause to be executed and authenticated, on behalf of the

Secretary in accordance with Section 5.02, and delivered to or upon the order of the Underwriters, in exchange for such Trust assets, Certificates of a designated and previously unissued Series in denominations authorized by this Agreement in the aggregate evidencing the entire beneficial ownership of the Trust so created.

ARTICLE III

ADMINISTRATION OF NOTES

SECTION 3.01. Appointment of Trustee. In consideration of the Secretary's Guaranty of the Notes, and the Secretary's execution of the various Certificate Guarantees hereunder, the Secretary hereby appoints the Trustee to administer the Notes and Certificates in accordance with the express provisions of this Agreement but retains with respect to the Notes full power and authority, acting alone, to do any and all things in connection with such administration that he may deem necessary or desirable. The Secretary retains the sole and exclusive right to take action and assert claims with respect to the Notes. Without limiting the generality of the foregoing, the Secretary may execute and deliver, on behalf of the Trustee and the Certificateholders, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Notes. The Trustee shall furnish the Secretary with

any documents reasonably requested which are necessary or appropriate to enable the Secretary to carry out the Secretary's powers hereunder.

SECTION 3.02. Modification of Notes. Any term of any Note may be modified by such amendments as may be agreed upon from time to time by the Secretary and the Borrower under such Note. No such change in the terms of any Note shall alter or affect the Secretary's Guaranty of such Note on the basis of the original terms thereof.

SECTION 3.03. Optional Redemption and Acceleration of Notes. If so provided in the applicable Note (subject to the provisions set forth herein and in such Notes) certain Principal Amounts of the Notes may be prepayable in whole or in part at the option of the Borrower as of any Interest Due Date on or after the initial date for Optional Redemption as specified in the related Note. If no initial date for Optional Redemption is indicated in the applicable Note, no Principal Amount stated therein for such Note will be payable prior to the Note Payment Date preceding the related Principal Due Date. In order to elect an Optional Redemption of a prepayable Principal Amount, the Borrower shall give notice of its intention to make a prepayment of principal to the Trustee not less than sixty (60) days nor more than ninety (90) days prior to the Interest Due Date as of which the Borrower intends to make such prepayment. The Trustee shall send a copy of

the Borrower's notice to the Secretary to the attention of the Director, Financial Management Division. Notwithstanding anything to the contrary contained in any such Borrower's notice, the Trustee shall apply any payments received in respect of permitted Optional Redemptions to outstanding Principal Amounts of the related Note in inverse chronological order, commencing with the latest Principal Due Date.

Pursuant to any Note and the corresponding Contract, the Secretary has the right on or after the occurrence of an Acceleration Event, to make an Acceleration Payment as of any Interest Due Date on or after the earliest date for acceleration specified in the Note. If the Secretary elects an acceleration, the Secretary shall deliver notice to the Trustee on or before the Note Payment Date immediately preceding the Interest Due Date selected for acceleration, and the Secretary shall make the Acceleration Payment to the Trustee by deposit of the Acceleration Payment in the Certificate Account on or before the Distribution Date corresponding to such Interest Due Date.

SECTION 3.04. Guaranty. Pursuant to each Guaranty, the Secretary shall unconditionally guarantee the timely payment of the principal of and interest on the Notes in the Trust to which such Guaranty relates.

SECTION 3.05. Notification of Amounts Due. Within one (1) month after the Date of Issuance, the Trustee shall prepare and

provide to each Borrower, with a copy to the Secretary, a written schedule of total principal and interest due on the Notes of such Borrower for each Note Payment Date. One (1) month before each Note Payment Date, the Trustee shall provide each Borrower written payment instructions with respect to the payment due on such Note Payment Date.

SECTION 3.06. Collection of Note Payments; Certificate Account. The Trustee shall receive the payments due on the Notes, including payments in respect of any Optional Redemptions, and deposit such payments into the Certificate Account as provided in this Section 3.06. Each Borrower shall make payments directly to the Trustee by 3:00 P.M. (New York City time) on the Note Payment Date. No later than 1:00 P.M. (New York City time) on the sixth Business Day next preceding each Distribution Date, the Trustee shall determine whether all payments required to be made on the Notes have been duly received from each Borrower. If such payments have not been received, the Trustee shall notify the Secretary by a telephone call to the office of the Director, Financial Management Division, that the Secretary may be required to make one or more Guaranty payments; confirmed in writing by telex or telecopy in the form attached hereto as Exhibit C, including notice of the amount of each such payment. If a payment required to be made by a Borrower on a Note has not been duly received by the Trustee by the close of business on the third Business Day next

preceding such Distribution Date, the Trustee shall notify the Secretary, by a telephone call to the office of the Director, Financial Management Division, confirmed in writing by telex or telecopy, in the form attached hereto as Exhibit D, that the Secretary is required to make one or more Guaranty payments, including notice of the amount of each such payment. The Secretary shall make any required Guaranty payment directly into the Certificate Account by 10:00 A.M. on such Distribution Date. Such payments made into a Certificate Account by the Secretary pursuant to a Guaranty shall be made by wire transfer of immediately available Federal funds directly into such account or by a check payable in immediately available Federal funds, if the amount being paid is less than \$5,000.

For each Series, the Trustee shall establish and maintain, for the benefit of the Certificateholders of such Series (subject to Section 3.09(ii)), a separate non-interest bearing trust account (a "Certificate Account") into which the Trustee shall deposit as received the following payments and collections received by it in respect of principal of and interest on the Notes comprising the Trust to which such Series relates:

(i) All payments of interest on such Notes, including those made by the Borrower, those made with funds transferred by the Trustee from the Defeasance Account to the

Certificate Account, and those made by the Secretary pursuant to a Guaranty; and

(ii) All principal payments on such Notes, including those made by the Borrower, those made with funds transferred by the Trustee from the Defeasance Account to the Certificate Account, and those made by the Secretary pursuant to a Guaranty; and

(iii) All payments in respect of Optional Redemptions and Acceleration Payments.

The foregoing requirements for deposit into each Certificate Account shall be exclusive.

The Secretary and the Trustee shall not be required to deposit and shall not deposit into the Certificate Account any payment received from a Borrower on account of an Optional Redemption unless such payment conforms to all of the requirements specified herein and in the related Note for an Optional Redemption; provided, however, that the receipt of any nonconforming payment will not in any way reduce the obligation of the Secretary under the related Guaranty. Unless otherwise specifically directed by the Secretary, the Trustee shall promptly return any such nonconforming payment to the applicable Borrower. Any payments received from a Borrower that were previously covered by payments made by the Secretary under the Guaranty (including late payments of interest and principal) and any payments received from a

Borrower after an Acceleration Payment has been made with respect to the related Note will be deposited by the Trustee into the Certificate Account upon receipt thereof, and such payments will be promptly transmitted to the Secretary.

SECTION 3.07. Defeasance Account. Any Borrower may defease the entire unpaid aggregate Principal Amount of a Note, or the entire unpaid Principal Amount due on a Principal Due Date, at any time, subject to the corresponding Contract and this Agreement. For each Note or Principal Amount thereof that the related Borrower elects to defease, the Borrower shall establish and maintain with the Trustee a trust account (a "Defeasance Account"), separate and apart from all other accounts of such Borrower and the Trustee. The Borrower shall irrevocably deposit into such account either moneys or Government Obligations that, in the sole discretion of the Secretary, mature and bear interest at times and in amounts sufficient, together with the moneys already on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due with respect to the related Principal Amount on or prior to the first Interest Due Date as of which such Borrower may make an Optional Redemption, as set forth in the related Note, as the case may be.

The Borrower's election to defease shall be evidenced by giving written notices to the Trustee and the Secretary, which notices shall authorize and direct the establishment of the related

Defeasance Account, shall specify the money and Government Obligations to be deposited therein and shall specify the particular Principal Amounts, subject to the last sentence of the first paragraph of Section 3.03 herein, being defeased and the related Principal Due Date(s) and Optional Redemption Date(s) (consistent with the related Note and Contract). For all purposes of this Agreement, to the extent that a Principal Amount is so specified for defeasance in accordance with the Contract, such specification shall constitute an election to redeem on the specified date for purposes of the related Note, subject to the last sentence of the first paragraph of Section 3.03 herein. Upon and in accordance with the Secretary's instructions pursuant to the corresponding Contract, the Trustee shall apply so much of the sums deposited into a Defeasance Account as shall be necessary to purchase the Government Obligations designated by the Secretary's instructions. If the funds deposited were insufficient, or there were excess funds deposited, the Trustee shall follow the Secretary's directions as to the disposition of such funds.

The moneys and any Government Obligations held as part of a Defeasance Account shall be held as trust property solely for the benefit of the corresponding Certificateholders and shall be continuously so designated on the books and records of the Trustee. To the extent that they constitute book-entry securities issued by the United States, such Government Obligations shall be held by the

Trustee through a book-entry account maintained with the Federal Reserve Bank of New York. Upon the purchase and/or delivery and receipt into its book-entry account of any book-entry securities, the Trustee shall provide the Secretary with a certificate, signed by an Authorized Officer, confirming that such securities are being held in an account at the Federal Reserve Bank of New York and that the Trustee has marked its books and records to reflect that it is holding such securities in trust solely for the benefit of the corresponding Certificateholders. Moneys and Government Obligations held as part of a Defeasance Account shall be applied by the Trustee solely to the payment of principal of and interest on the related Principal Amounts and shall be maintained free of all liens, except such liens as may be created by this Agreement.

The Trustee shall collect on the due dates thereof the principal of and interest and premium, if any, on the Government Obligations on deposit in the Defeasance Account and shall, without further authorization or direction, apply such receipts on each Distribution Date to the payment of interest and to the payment of the related Principal Amount, when applicable. At the opening of business on the relevant Distribution Date, the Trustee shall transfer from the Defeasance Account to the Certificate Account the amount of interest and principal (if any) to be paid.

Receipts in excess of the amount necessary to make the payments on each Distribution Date shall be reinvested by the

Trustee in Government Obligations (limited to Treasury bills) maturing on or before the next Distribution Date. The Trustee shall collect on the due dates thereof the principal of and interest and premium, if any, on such Government Obligations, and shall, without further authorization or direction, apply such receipts to the payment of interest and principal on the next Distribution Date. Amounts under \$5,000 that cannot be invested in such obligations on any Distribution Date may be held uninvested.

The Borrower shall have no right or title with respect to moneys and Government Obligations irrevocably deposited with the Trustee under this Section 3.07. Such moneys and Government Obligations shall not be subject to checks or drafts drawn by the Borrower or claims against the Borrower by any creditor of the Borrower other than the Secretary with respect to the payments due on the Notes. Receipts in excess of the amount necessary to make final distributions in respect of the last Principal Amount outstanding on any Note shall be returned to the Secretary within 5 Business Days of such final distribution.

SECTION 3.08. Trustee to Act as Collection Agent. Under the Notes and this Agreement, the Trustee shall act as collection agent for the purpose of receiving the payments due on the Notes and depositing such payments into the Certificate Account, as provided in Section 3.06 and Section 3.07.

Notwithstanding the foregoing or any other provision contained herein, the Trustee shall have no duty or responsibility to enforce collection on any Note (or any Automated Clearing House funds transfer, wire transfer, check, draft or other instrument made or given with respect to any Note) or otherwise to take any steps to seek payment thereon on behalf of the Secretary, as administrator, or any Certificateholder. The Certificateholders acknowledge and agree that the Trustee shall have only those duties expressly provided in the Agreement and shall have no other duties or responsibilities with respect to the Certificateholders or the Trust, and that the Trustee shall have no duty to institute any suit, action or proceeding on behalf of Certificateholders to enforce the Guaranty or the Secretary's guarantee of the timely payment of all distributions payable with respect to any Certificate.

SECTION 3.09. Permitted Charges Against the Certificate Account. The Trustee shall, from time to time, withdraw funds from a Certificate Account for the following purposes:

(i) to make payments to the Certificateholders in the amounts and in the manner provided for in Section 4.01; and

(ii) to clear and terminate the Certificate Account pursuant to Section 9.02; or as provided in the last sentence of Section 3.06.

SECTION 3.10. Trustee to Cooperate: Release and Assignment of Notes. Upon the payment in full of any Note (including pursuant to the Guaranty), the Trustee shall promptly release and assign the related Note to the Secretary. From time to time and as appropriate for the administration of any Note, the Trustee shall, upon written request of the Secretary signed by an Authorized Official and delivery to the Trustee of a trust receipt signed by an Authorized Official, release such Note to the Secretary and shall execute such documents as shall be necessary for the prosecution of any such proceedings. Such trust receipt shall obligate the Secretary to return the Note to the Trustee when the need therefor by the Secretary no longer exists, unless all Principal Amounts due on such Note shall be liquidated, in which case, upon deposit into the relevant Certificate Account of the full amount of unpaid principal of and interest accrued on such Principal Amounts and receipt by the Trustee of a certificate signed by an Authorized Official stating that such Principal Amounts have been liquidated, the trust receipt shall be released by the Trustee to the Secretary and the Trustee shall promptly provide the Secretary with an assignment of the Note to the Secretary.

Notwithstanding the foregoing, neither the Trustee nor the Secretary shall be empowered to make any substitution of Notes in a particular Trust formed hereunder.

SECTION 3.11. Reimbursement of Trustee. In the event that a Borrower makes a Note payment to the Trustee through an Automated Clearing House funds transfer system, and subsequent to the time at which the Trustee is required to notify the Secretary that the Secretary is required to make a Guarantee Payment with respect to such Note payment, as specified in Section 3.06 hereof, the Trustee shall receive a rejection of such Automated Clearing House funds transfer, then to the extent that the Trustee, at its sole option, shall have advanced its own funds in an amount equal to such rejected Automated Clearing House funds transfer, the Trustee shall be entitled to be reimbursed promptly by the Secretary for such amount, together with an amount representing interest expense on such funds up to the time of reimbursement (as provided below). In the event of any such rejection, the Trustee shall be reimbursed in the following manner:

(i) promptly upon receipt of notice from the Trustee by telecopy, telex or otherwise in writing of the occurrence of any such rejection, the Secretary shall reimburse the Trustee, by wire transfer of immediately available funds, for the amount of any such Automated Clearing House funds transfer so rejected; and

(ii) upon the giving of such notice to the Secretary, the Trustee shall be authorized to charge the Fee Account in an amount sufficient to reimburse itself for any interest expense

incurred by the Trustee by reason of such rejection from the time of the relevant Distribution Date until the time of reimbursement of the Trustee by the Secretary pursuant to clause (i) above; provided, however, that to the extent that the Fee Account does not contain sufficient funds to reimburse the Trustee in full for such interest expense, the Secretary shall, upon the request of the Trustee (which request may be included in the notice specified in clause (i) above), promptly pay the amount of any such deficiency directly to the Trustee. In determining whether the Fee Account has sufficient funds for purposes of the foregoing reimbursement, consideration shall be given only to funds in the Fee Account in excess of those funds held for the payment of the Trustee's fees and for reimbursement of the Trustee's reasonable expenses and disbursements. The obligations of the Secretary under this Section 3.11 shall be payable solely out of grants pledged by the applicable Borrowers to the Secretary as security for repayment of the Notes (and related costs authorized by the Secretary) pursuant to the applicable Contracts. The obligations of the Secretary under this Section 3.11 shall survive the satisfaction and discharge of this Agreement.

ARTICLE IV

PAYMENTS TO THE CERTIFICATEHOLDERS

SECTION 4.01. Payments and Distributions. On each Distribution Date relating to a particular Series, the Trustee shall distribute to the Certificateholders of record as of the close of business on the Record Date therefor (other than as provided in Section 9.01 and Section 9.02 respecting the final distribution) each such Certificateholder's Fractional Undivided Interest in the interest at the applicable Pass-Through Rate and principal due on the Certificates of such Series. Distribution shall be made from funds available in the Certificate Account as of 10:00 A.M. (New York City Time) on the applicable Distribution Date, other than amounts, if any, received on particular Notes representing late recoveries of principal and/or interest respecting which any Guarantee Payment was made. Unless DTC or its nominee (Cede & Co.) shall be the Certificateholder, such distribution shall be made (i) to Certificateholders holding Certificates in an aggregate Original Principal Amount of \$1 million or more by wire transfer to such commercial bank located in the continental United States having appropriate facilities therefor as may be designated in writing by such Certificateholder to the Trustee (provided that such Certificateholder shall have

provided the Trustee with appropriate written wire transfer instructions not later than 5 Business Days prior to the applicable Distribution Date) or (ii) otherwise, by check to the Person in whose name such Certificates are registered at the close of business on the Record Date. Where DTC or its nominee is the Certificateholder, distributions shall be made in accordance with the applicable Letter of Representations. For so long as DTC shall be the only registered Certificateholder, the Trustee shall have no duty to monitor distributions made to Certificate Owners and shall have no liability with respect thereto.

SECTION 4.02. Statements to the Certificateholders and to the Secretary. At the time of each distribution with respect to a particular Series, the Trustee will furnish to each Certificateholder of such Series a statement setting forth the following information, stated on the basis of \$1,000 Original Principal Amount, with respect to the Certificates of such Series owned of record by such Certificateholder:

(i) The amount of such distribution allocable to principal (including a separate breakdown of any payments in respect of Optional Redemption or Acceleration Payments);

(ii) The amount of such distribution allocable to interest; and

(iii) The amount of such Certificateholder's Fractional Undivided Interest in the aggregate unpaid Principal Amounts of Notes due on the Principal Due Date coinciding with the Maturity Date for such Certificates, after giving effect to distributions of principal made on such Certificates distributed on such Distribution Date.

In addition, within a reasonable period of time after the end of each calendar year, the Trustee will furnish a report to each person who has held the status of Certificateholder at any time during such calendar year as to the aggregate of amounts reported pursuant to (i) and (ii) above for such calendar year, or, in the event such person was a Certificateholder of record during a portion of such calendar year, for the applicable portion of such year.

In addition, within 30 days following the end of the calendar year, the Trustee shall file copies of the statements to Certificateholders referred to in the preceding paragraph with the Internal Revenue Service pursuant to the Income Tax Regulations governing grantor trusts. At the time the Trustee shall furnish any report to Certificateholders, it shall also furnish a similar report to the Secretary; provided, that such report furnished to the Secretary shall be made with respect to the aggregate of all Certificates of a Series outstanding at the time of such report.

SECTION 4.03. Paying Agents. The Secretary may appoint one or more paying agents in such place or places as the Secretary may designate, for the payment of amounts due on the Certificates. The paying agent initially appointed hereunder is the Trustee, located at its Corporate Trust Office.

ARTICLE V

THE NOTES AND THE CERTIFICATES

SECTION 5.01. Certificate Title and Terms; Issuance in Series. The aggregate Original Principal Amount of Certificates that may be issued under this Agreement is unlimited, except that the aggregate Original Principal Amount of Certificates of any one Series shall be limited to the unpaid aggregate Principal Amount of Notes comprising the Trust to which such Series relates as of the Date of Issuance (except that Certificates may be issued upon transfer of, or in exchange for, or in lieu of other Certificates pursuant to the terms of this Agreement).

The Certificates shall be known and designated as the "Section 108 Government Guaranteed Participation Certificates, Series HUD 19__-__, Guaranteed by the Secretary of Housing and Urban Development," which designation shall include an appropriate Series designation or designations, and the year of the Date of Issuance

thereof. With respect to each Series, the Trustee shall, except as provided in Section 5.03, issue a single, separate Certificate for each Principal Due Date specified in all the Notes held in the related Trust, which Certificate shall also specify the aggregate of all Principal Amounts due on the Notes to which such Principal Due Date relates and the Pass-Through Interest Rate applicable thereto.

Certificates of separate Series may differ, as between such Series, in respect of any of the following matters, subject to the terms of this Agreement:

- (1) The designation of the Certificates of the Series (which shall distinguish the Certificates of such Series from those of all other Series);
- (2) The aggregate Original Principal Amount of the Certificates of such Series;
- (3) The Principal Due Dates of the Notes to which such Series relates;
- (4) The Date of Issuance and the Pass-Through Interest Rates with respect to the Series; and
- (5) Optional Redemption and acceleration provisions (if any).

SECTION 5.02. Certificates: Execution, Authentication and Delivery. Certificates shall be executed on behalf of the Secretary by an Authorized Officer of the Trustee as agent for the

Secretary under the Trustee's seal reproduced thereon. The signatures of any such Authorized Officers on the Certificates may be manual or facsimile. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless there appears thereon a certificate of authentication substantially in the form provided for in Exhibit A hereto executed by an Authorized Officer of the Trustee by manual signature and dated as of the date of such execution, and such certificate of authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly executed, authenticated and delivered hereunder. Certificates bearing the manual or facsimile signatures of persons who were at any time the duly Authorized Officers of the Trustee shall bind the Trustee, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the delivery of the Certificates to Certificateholders.

SECTION 5.03. Registration of Transfers and Exchanges of Certificates; Denominations. The Trustee shall be the registrar of the Certificates for the purpose of registering Certificates and maintaining a record of any transfers and exchanges of Certificates as herein provided. The Trustee shall cause to be kept at the office or agency to be maintained in accordance with the provisions of Section 5.06 hereof, a Certificate Register in which, subject to such reasonable requirements as the Trustee may prescribe, the

Trustee shall provide for the registration of each Series and of transfers and exchanges of Certificates as herein provided.

The Certificates shall, subject to this Section 5.03, at all times remain registered in the name of DTC or its nominee and at all times: (i) registration thereof may not be transferred by the Trustee except to a successor depository or to a nominee of DTC or a successor depository; (ii) DTC shall maintain book-entry records with respect to the Certificate Owners and with respect to ownership and transfers of beneficial interests in the Certificates; (iii) ownership and transfers of registration of the Certificates issued in book-entry form on the books of DTC shall be governed by applicable rules established by DTC, and the rights of Certificate Owners shall be governed by applicable law and agreements between such Certificate Owners and DTC, Depository Participants, and indirect participating firms; (iv) DTC may collect its usual and customary fees, charges and expenses from its Depository Participants; (v) the Trustee shall deal with DTC, as authorized representative of the Certificate Owners of the Certificates for all purposes including the making of payments due on the Certificates and exercising the rights of Certificateholders under this Agreement, and requests and directions for and votes of such representative shall not be deemed to be inconsistent if they are made with respect to different Certificate Owners; (vi) the Trustee may rely and shall be fully protected in relying upon

information furnished by DTC with respect to its Depository Participants and furnished by the Depository Participants with respect to indirect participating firms and persons shown on the books of such indirect participating firms as direct or indirect Certificate Owners; and (vii) except as provided in this Section 5.03, Certificate Owners shall not be entitled to certificates for the Certificates.

All transfers by Certificate Owners of beneficial interests in the Certificates shall be made in accordance with the procedures established by the Depository Participant or brokerage firm representing such Certificate Owner. Each Depository Participant shall transfer only beneficial interests in the Certificates of Certificate Owners it represents or of brokerage firms for which it acts as agent in accordance with DTC's normal procedures. Except as provided herein, the Trustee shall have no duty to monitor or restrict the transfer of beneficial interests in the Certificates, and shall have no liability for any such transfer, including any transfer made through the book-entry facilities of DTC or between or among Depository Participants or Certificate Owners, made in violation of applicable restrictions set forth herein. The Secretary, the Trustee and any paying agent will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in

a Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

If (i) the Secretary or DTC advises the Trustee in writing that DTC is no longer willing, qualified or able to properly discharge its responsibilities as depository, and the Secretary is unable to locate a qualified successor, (ii) the Secretary at his option advises the Trustee in writing that he elects to terminate the book-entry system through DTC or (iii) Certificate Owners representing not less than 51% of the aggregate voting rights allocated to the Certificates together advise the Trustee and DTC through the Depository Participants in writing that the continuation of a book-entry system through DTC is no longer in the best interests of the Certificate Owners, the Trustee shall notify all Certificate Owners, through DTC, of the occurrence of any such event and of the availability of Definitive Certificates to Certificate Owners requesting the same. Upon surrender to the Trustee of the related Certificates by DTC, accompanied by registration instructions from DTC for registration, the Trustee shall issue the Definitive Certificates. Neither the Secretary nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Certificates all references herein to obligations imposed upon or to be performed by DTC shall be deemed to be imposed upon and

performed by the Trustee, to the extent applicable with respect to such Definitive Certificates; and the Trustee shall recognize the holders of the Definitive Certificates as Certificateholders hereunder.

Unless Definitive Certificates are issued in accordance with this Section 5.03, the Certificates for each Series shall be initially registered in the name of DTC or its nominee, and shall be evidenced by a single global Certificate for each Maturity Date substantially in the form set forth in Exhibit A hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement or the form of Certificate attached hereto, or as may be necessary or desirable to reflect the varying terms of different Series, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith and with such form of Certificate, be required to comply with the rules of any securities exchange on which the Certificates may be listed, or as may, consistently herewith and with such form of Certificate, be determined by the Secretary, as evidenced by the execution of such Certificates in accordance with Section 5.02.

The Certificates shall, on original issuance, be issued by the Trustee as agent for the Secretary through the book-entry facilities of DTC and shall be executed, authenticated and delivered by the Trustee to or upon the written order of the

Underwriters as specified in Section 2.03, upon receipt by the Trustee of the Notes comprising the Trust to which such Series relates, the related Guaranty and the Supplement to the Trust Agreement as specified in Section 2.01 hereof and such other documents as the Trustee may reasonably request and upon establishment of the related Certificate Account. The face amount of each Certificate shall represent 100% of the Original Principal Amount thereof. Each such Certificate shall bear the following legend:

"Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Secretary or its agent for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein."

Subject to the preceding paragraphs, upon surrender for registration of transfer of any Certificate of any Series at the office or agency of the Secretary maintained for such purpose pursuant to Section 5.06, the Trustee shall execute on behalf of the Secretary, authenticate and deliver, in the name of the designated transferee or transferees, a new Certificate of the same Series, Maturity Date and Pass-Through Rate, in denominations authorized hereunder, of a like aggregate Fractional Undivided Interest.

At the option of Certificateholders, Certificates of any Series may be exchanged for other Certificates, as applicable, of the same Series of authorized denominations of like tenor (including Maturity Date and related Pass-Through Interest Rate) and aggregate Fractional Undivided Interest upon surrender of the related Certificates to be exchanged at any such office or agency. Whenever any Certificates are so surrendered for exchange, the Trustee shall record in the Certificate Register the Certificates, as applicable, which the Certificateholder is entitled to receive. Every Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer or authorization for exchange in form satisfactory to the Trustee duly executed by, the Certificateholder thereof or his attorney duly authorized in writing.

A service charge equal to a reasonable fee of the Trustee shall be charged to the Person presenting the Certificate for transfer or exchange upon any registration of transfer or exchange of such Certificate, and the Trustee may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of a Certificate.

All Certificates surrendered for payment, registration of transfer or exchange shall be cancelled by the Trustee in accordance with its standard procedures. All such cancelled Certificates shall be forwarded to the Secretary by the Trustee, from time to time.

As long as DTC is the sole Certificateholder, Certificates having the same Maturity Date shall be registered as a single Certificate. Definitive Certificates issued under Section 5.03 herein shall be issued in such denominations as the Secretary and the Underwriters shall agree and as are administratively acceptable to the Trustee. The Certificates shall be dated the date of their authentication and shall be numbered in such manner as shall be approved by the Trustee.

SECTION 5.04. Mutilated, Destroyed, Lost or Stolen Certificates. If (i) any mutilated Certificate is surrendered to the Secretary or the Trustee, or the Secretary and the Trustee receive evidence to their satisfaction of the destruction, loss or

theft of any Certificate, and (ii) there is delivered to the Secretary and the Trustee such security or indemnity as may be required by either or both of them to save each of them harmless, then, in the absence of notice to the Secretary or the Trustee that such Certificate has been acquired by a bona fide purchaser, the Trustee shall execute on behalf of the Secretary, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of the same Series and of like tenor and Fractional Undivided Interest. Upon the issuance of any new Certificate under this Section, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith. Any duplicate Certificate issued pursuant to this Section shall constitute complete and indefeasible evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 5.05. Persons Deemed Owners. Prior to due presentation of a Certificate for registration of transfer, the Secretary, the Trustee and any agent of the Secretary or the

Trustee may treat the Person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.01 hereof and for all other purposes whatsoever, and neither the Secretary, the Trustee nor any agent of the Secretary or the Trustee shall be affected by notice to the contrary.

SECTION 5.06. Maintenance of Office or Agency. The Secretary will maintain a designated office or agency where Certificates may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Secretary in respect of the Certificates and this Agreement may be served. The Secretary initially appoints the Corporate Trust Office of the Trustee as such office for said purposes. The Secretary will give prompt written notice to the Trustee of any change in the location of any such office or agency.

ARTICLE VI

THE CERTIFICATE GUARANTEE

SECTION 6.01. Certificate Guarantee. In addition to the Secretary's guarantee of the timely payment of the principal of and interest on the Notes pursuant to the Guaranty, and in consideration for the purchase of the Certificates by such

Certificateholders, the Secretary also, by execution of a Certificate Guarantee in the form attached hereto as Exhibit A, unconditionally guarantees to each Certificateholder of a Certificate executed, authenticated and delivered by the Trustee the due and timely payment of all distributions payable with respect to such Certificate when and as the same shall become due and payable according to the terms of such Certificate and of this Agreement.

The Secretary agrees that its obligations under the Certificate Guarantee shall be unconditional, irrespective of the validity, regularity or enforceability of such Certificate or this Agreement, the absence of any action to enforce the same, any waiver or consent by the Certificateholder of such Certificate or by the Trustee with respect to any provisions thereof or of this Agreement, the recovery of any judgment against the Secretary or any action to enforce the same or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Secretary hereby waives diligence, presentment, demand of payment, any right to require a proceeding first against a Trust, protest or notice with respect to such Certificate and all demands whatsoever, and covenants that this Certificate Guarantee will not be discharged except by complete performance of the obligations contained in the Certificate and in the Certificate Guarantee.

The Secretary shall be subrogated to all rights of the Trustee and of the Certificateholders to receive payments made by the Borrowers pursuant to the Notes in respect of any amounts paid by the Secretary pursuant to the provisions of the Guaranty of the Notes, the Certificate Guarantee or this Agreement. As long as DTC or its nominee shall be the only registered Certificateholder, the Trustee shall act as DTC's agent solely for the purpose of enforcing the Certificate Guarantee. With respect to Definitive Certificates issued in accordance with Section 5.03, the Trustee shall have no obligation to request payments under or compel payment by the Secretary of any amounts due to be paid under the Certificate Guarantee.

SECTION 6.02. Execution and Delivery of Certificate Guarantees. To evidence the Secretary's guarantee of the Certificates, the Secretary hereby agrees to execute a Certificate Guarantee, substantially in the form set forth in Exhibit A hereto, as appropriate, to be endorsed on each Certificate executed on behalf of the Secretary, authenticated and delivered by the Trustee. Each such Certificate Guarantee shall be manually executed on behalf of the Secretary by an Authorized Official. No Certificate authenticated and delivered by the Trustee hereunder shall be entitled to the benefits of the Certificate Guarantee unless such Certificate shall have endorsed thereon a Certificate Guarantee executed as aforesaid.

Certificate Guarantees bearing the manual signatures of individuals who were at any time the duly Authorized Officials of the Secretary shall bind the Secretary, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Certificates upon which such Certificate Guarantees are endorsed.

The delivery of any Certificate by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Certificate Guarantee endorsed thereon on behalf of the Secretary.

ARTICLE VII

RIGHTS AND DUTIES OF BORROWERS

SECTION 7.01 Compensation and Indemnification of Trustee.

(a) Each Borrower shall pay the Trustee an initial fee on the Date of Issuance as reasonable compensation for all services to be rendered by it hereunder and as payment or reimbursement for all reasonable expenses and disbursements (including the reasonable compensation and the expenses and disbursements of its agents and counsel and of all other persons not regularly in its employ) to be incurred by the Trustee under the Agreement. The aggregate amount of such fees from all Borrowers with respect to a Series of Notes

shall be specified in the Supplement to the Trust Agreement for the related Series. The Trustee shall deposit such fee in a non-interest bearing Fee Account established for each Series, separate and apart from any Trust and from all other accounts of such Borrower and the Trustee and over which the Trustee shall have exclusive control. On an annual basis, commencing on the Date of Issuance, the Trustee will deduct from the applicable Fee Account the compensation and reimbursements due hereunder for such year. The Secretary shall also pay the Trustee any additional compensation and reimbursement payable to the Trustee pursuant to the provisions of Section 3.11. Upon the failure of any Borrower to fund the Fee Account as aforesaid, the Secretary shall fund the Fee Account on behalf of such Borrower, which payment shall be satisfied solely out of grants pledged by such Borrower to the Secretary as security for repayment of the Notes (and related costs authorized by the Secretary) pursuant to the Contract.

(b) The Secretary hereby agrees:

(1) to reimburse the Trustee upon its request for all reasonable extraordinary out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Agreement (including the reasonable compensation and expenses and disbursements of its agents, attorneys and counsel and of all persons not regularly in its employ), except any such

expense, disbursement or advance as may be attributable to its gross negligence, willful misconduct or bad faith; and

(2) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without bad faith, willful misconduct or gross negligence on its part arising out of or in connection with the acceptance or administration of this Agreement or the Notes, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Secretary promptly of any claim for which it may seek indemnity under this Clause (2). The Secretary shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel with the consent of the Secretary and the Secretary will pay the reasonable fees and expenses of such counsel. The Secretary need not pay for any settlement made without its consent.

The obligations of the Secretary under this Section 7.01(b) shall be payable solely out of grants pledged by the applicable Borrowers to the Secretary as security for repayment of the Notes (and related costs authorized by the Secretary) pursuant to the applicable Contracts. The obligations of the Secretary under this Section 7.01(b) shall survive the satisfaction and discharge of this Agreement.

ARTICLE VIII

CONCERNING THE TRUSTEE

SECTION 8.01. Duties of Trustee. The Trustee hereby accepts the trusts imposed upon it by this Agreement and undertakes to perform such duties and only such duties as are specifically set forth in this Agreement. The Secretary hereby designates and appoints the Trustee as its agent for the purpose of issuing, on behalf of the Secretary, the Certificates of each Series. The Trustee hereby accepts such designation and appointment and agrees to issue the Certificates of each Series in its capacity as agent for the Secretary and pursuant to the terms and provisions of this Agreement.

Except upon compliance with the provisions of Section 3.10, none of the Notes or any other instruments or documents constituting a part of any Trust shall be delivered by the Trustee to the Secretary or otherwise released from the possession of the Trustee.

No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct or bad faith; provided, however, that:

(i) The duties and obligations of the Trustee shall be determined solely by the express provision of this Agreement, the Trustee shall not be liable except for negligence or willful misconduct in the performance of such duties and obligations as are specifically set forth in this Agreement, no implied covenants or obligations shall be read into this Agreement against the Trustee and, in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth and accuracy of the statements and contents and the correctness of the opinions expressed therein, upon any certificates, opinions, resolutions, statements, reports, documents, orders or other instruments furnished to the Trustee and conforming to the requirements of this Agreement;

(ii) The Trustee shall not be personally liable for an error of judgment made in good faith by an Authorized Officer or Authorized Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) No provision of this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

SECTION 8.02. Certain Matters Affecting the Trustee. Except as otherwise provided in Section 8.01:

(i) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate of an Authorized Official, certificate of auditors or any other certificate, statement, instrument, opinion (including an oral opinion or advice of its counsel), report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) The Trustee may consult with its counsel and any opinion of such counsel, whether oral or written, shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such opinion of counsel, and the Trustee shall not be required to take any action in violation of law or any action which would, in its reasonable determination, expose it to any fine or penalty imposed by law;

(iii) The Trustee shall not be personally liable for any action taken, suffered or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(iv) The Trustee may exercise any of the powers hereunder or perform any duties hereunder either directly or by or

through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(v) The Trustee shall not be obligated to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, consent, order, approval or other paper or document;

(vi) Any request or direction of the Secretary referred to herein shall be sufficiently evidenced if signed by an Authorized Official; and

(vii) Whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proven or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely on a certificate of an Authorized Official.

SECTION 8.03. Trustee Not Liable for Certificates or Notes.

The recitals contained herein and in the Certificates (other than the certificate of authentication on the Certificates) shall be taken as statements of the Secretary, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Agreement, the Guaranty, the Certificates, the Certificate

Guarantee or of any Note or related document and shall not be held liable for any defect in any portion thereof. The Trustee shall not be accountable (a) for the use or application (i) of any of the Certificates after issuance in accordance with this Agreement or (ii) of the proceeds of such Certificates after distribution to Borrowers in accordance with this Agreement or (b) for the use or application of any funds paid to the Secretary in respect of any Note.

SECTION 8.04. Eligibility Requirements for Trustee. The Trustee hereunder shall at all times be a corporation having its principal office in the State of New York and organized and doing business under the laws of such State or the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and be subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation 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 Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall

resign immediately in the manner and with the effect specified in Section 8.05.

SECTION 8.05. Resignation and Removal of the Trustee.

Subject to the further provisions of this Section 8.05, the Trustee may resign at any time and be discharged from its duties as Trustee hereunder by giving at least 60 days' prior written notice of such resignation to the Secretary and specifying the date on which such resignation is to take effect, and the Trustee may be removed by the Secretary as the Trustee at any time, with or without cause, by giving at least five (5) Business Days' prior written notice of such removal delivered to the Trustee and specifying the date on which such removal is to take effect. Upon any such resignation or removal, the Secretary may, without other formality than appointment and designation in writing (a copy of which written instrument shall be promptly provided to the resigning or removed Trustee), appoint a successor trustee and agent, provided that such successor trustee and agent shall be eligible under the provisions of Section 8.04. Any successor trustee and agent appointed as provided herein shall execute, acknowledge and deliver to the Secretary and to its predecessor trustee and agent an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee and agent shall become effective and such successor trustee and agent, without any further act, deed or conveyance, shall become fully vested with all the

rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee and agent herein. Upon acceptance by such successor trustee of its appointment hereunder or in the absence of such an appointment upon the effective date of the resignation or removal as specified in the applicable notice referred to above (or, if the notice does not so specify, the expiration of the 60- or 5-day period referred to above), the Trustee shall deliver all of the Notes and other property constituting the Trusts then in its custody to such successor trustee (or the Secretary, if no successor trustee has been appointed) against receipt by such successor (or the Secretary, if no successor trustee has been appointed), including without limitation, by transmitting to such successor trustee (or the Secretary, if no successor trustee has been appointed) for deposit into successor accounts established by the successor trustee (or the Secretary, if no successor trustee has been appointed), all funds in or otherwise to the credit of the Certificate Accounts, and the Trustee shall otherwise release, assign and deliver to such successor trustee (or the Secretary, if no successor trustee has been appointed) all other property constituting the Trusts in its possession, and effect a transfer of such property in such manner and pursuant to such instruments as the Secretary shall reasonably request. The Trustee shall likewise deliver at such time to such successor trustee (or the Secretary,

if no successor has been appointed) all moneys deposited into any Fee Account in respect of any outstanding Series upon payment of its charges in accordance with this Agreement, the Certificate Register and all related records and documents in its possession. The Trustee shall not be discharged from its duties or obligations hereunder following its resignation or removal until such property has been delivered to such successor and transferred, as provided above.

SECTION 8.06. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be eligible under the provisions of Section 8.04, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 8.07. Trustee May Own Certificates. The Trustee in its individual or any other capacity may become the owner or pledgee of Certificates with the same rights it would have if it were not Trustee.

SECTION 8.08. Fidelity Bond or Insurance. The Trustee shall obtain a fidelity bond or insurance in such amounts as the Secretary determines to be necessary to protect fully the interests of the United States Government against losses caused by or resulting from any actions of the Trustee, its employees or its agents. In no event shall the Trustee's bonding limits be less than \$100,000,000 or its first class mail insurance coverage be less than \$250,000.

ARTICLE IX

TERMINATION OF TRUST AND FINAL PAYMENT OF CERTIFICATES

SECTION 9.01. Termination. The respective obligations and responsibilities of the Secretary and the Trustee created hereby with respect to any Trust (other than the obligation of the Secretary and the Trustee to make payments to Certificateholders as hereafter set forth) shall terminate upon the final payment of the last remaining Principal Amount, together with accrued and unpaid interest thereon, whether on the Note Payment Date immediately preceding the related Principal Due Date, upon Acceleration Payment, upon payment with respect to an Optional Redemption or upon payment from a Defeasance Account.

SECTION 9.02. Final Payment of Certificates. (a) With respect to any Certificate with respect to which final payment is due to an Optional Redemption or an Acceleration Payment, the Trustee shall give notice to each Certificateholder of such final payment, specifying the date on or after which each Certificateholder may present and surrender their Certificates for payment and cancellation at the office of the paying agent maintained pursuant to Section 4.03, such final payment to be made only upon such presentation and surrender. The date of surrender specified in such notice shall be the Distribution Date next following the Note Payment Date to which such final payment relates. Such notice shall be given by the Trustee by letter to such Certificateholders (with a copy thereof to the Secretary) mailed not later than the fifth Business Day subsequent to the Note Payment Date to which such final payment relates, provided, that the Trustee has received timely notice from the Secretary as provided in Section 3.03, if any, relating to such final payment. The Record Date shall not be effective with respect to any final payment made in accordance with this paragraph.

(b) If final payment of a Certificate shall be due on the Maturity Date in the absence of any earlier Optional Redemption or Acceleration Payment, no notice need be given and final payment will be made from the Certificate Account on the Maturity Date upon

presentment and surrender of the related Certificate at the office of the paying agent maintained pursuant to Section 4.03.

(c) The Trustee shall notify the Secretary of any moneys in the Certificate Account which shall remain unclaimed by any Certificateholder entitled to receive the same for six months after the Distribution Date upon which such final payment was due. Such unclaimed funds may be paid to the Secretary upon written request signed by an Authorized Official; and the Certificateholders shall thereafter look only to the Secretary for payment of such amounts, and all liability of the Trustee with respect to such amounts shall thereupon cease.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.01. Amendment. This Agreement may be amended in writing from time to time by the Secretary and the Trustee, without the consent of any of the Certificateholders or the Borrowers; provided, however, that no such amendment shall, without the consent of the Certificateholder of such Certificate, reduce in any manner the amount of, or delay the timing of, payments received on Notes, including Guarantee Payments, which are required to be distributed on any Certificate. In executing, or accepting the

additional trusts created by, any amendment permitted by this Section 10.01 or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and (subject to Section 8.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment affecting the Trustee's own rights, immunities or liabilities under this Agreement or otherwise.

SECTION 10.02. Limitation on Rights of Certificateholders.

As provided in each Certificate, the Certificateholders are entitled to the benefits of this Agreement to the full extent provided herein; provided, however, that notwithstanding the foregoing or any other provision contained herein or in any Certificate, except as specifically provided herein the Trustee shall not be deemed an agent or fiduciary for or on behalf of any Certificateholder or any Borrower issuing a Note, and the Trustee shall have no fiduciary duties or responsibilities with respect to any such Person, or any duty to take any action with respect to any Trust, except such duties and responsibilities as are specifically provided herein.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or any Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an

accounting or to take any action or proceeding in any court for a partition or winding up of any Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

No Certificateholder shall have any right to vote or in any manner otherwise control the operation and management of any Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute Certificateholders from time to time as partners or members of an association; nor shall any Certificateholder be under any liability to any third person by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

No Certificateholder is intended to have, nor shall any Certificateholder have, any right by virtue of any provision of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement.

SECTION 10.03. Inspection of Documents by Certificateholders.

The Trustee shall keep a fully executed or conformed copy of this Agreement (together with all amendments, supplements, waivers and consents hereto) on file at its Corporate Trust Office and shall permit reasonable inspection (and limited copying) to be made of this Agreement during normal business hours by any Certificateholder or by its designee, at such Person's expense,

provided that the Person purporting to be such Certificateholder or designee establishes his identity and capacity to the Trustee's satisfaction.

SECTION 10.04. Governing Law. Except for the Secretary's rights and obligations under the Act and the Secretary's regulations thereunder (24 C.F.R. 570), this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

SECTION 10.05. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given when and if personally delivered at or mailed by registered mail, postage prepaid, (a) in the case of the Secretary, to the United States Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410, Attention: Director, Financial Management Division, Office of the Assistant Secretary for Community Planning and Development, or such other address as may hereafter be furnished to the Trustee in writing by the Secretary, and (b) in the case of the Trustee, to Chemical Bank, 450 West 33rd Street, 15th Floor, New York, New York 10001, Attention: Corporate Trustee Administration or such other address as may hereafter be furnished to the Borrowers and to the Secretary, in writing, by the Trustee, including any change of address related to a merger or consolidation affecting the Trustee.

Any notice required or permitted to be mailed to a Certificateholder shall be given by first class mail, postage prepaid, at the address of such Certificateholder as shown in the Certificate Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Certificateholder receives such notice.

SECTION 10.06. Severability of Provisions. If any one or more of the covenants, agreements, provisions, or terms of this Agreement 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 Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Certificates or the rights of the Certificateholders thereof.

SECTION 10.07. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Secretary and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

By: _____
Title: _____

CHEMICAL BANK, as Trustee

By: _____
Assistant Vice President

[FORM OF CERTIFICATE]

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Secretary or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]*

SECTION 108 GOVERNMENT GUARANTEED PARTICIPATION CERTIFICATE

Evidencing a Fractional Undivided Interest in a portion of a Trust consisting of Notes issued by UNITS OF GENERAL LOCAL GOVERNMENT AND PUBLIC AGENCIES DESIGNATED BY SUCH UNITS OF GENERAL LOCAL GOVERNMENT and fully guaranteed as to timely payment of principal and interest by

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

Certificate No. _____

SERIES: HUD 19--

Pass-Through Interest

Rate: _____

Date of Issuance: _____

Distribution Dates: _____

Maturity Date: _____

\$ _____
Original Principal Amount
representing a []% Fractional
Undivided Interest in a portion of
a Trust consisting of the Principal
Amounts of the Notes due on the
Principal Due Date set forth below

Principal Due Date: _____

CUSIP No.: _____

* This language will appear only on Certificates held by DTC or its nominee.

THIS CERTIFIES THAT _____, is the registered owner of the Fractional Undivided Interest set forth above, in a portion of a Trust consisting of Notes issued by Units of General Local Government and Public Agencies designated by such Units of General Local Government ("Borrowers") and guaranteed by the Secretary of the United States Department of Housing and Urban Development (the "Secretary"). The holder of this Certificate (the "Certificateholder") is entitled to the benefits of a Trust Agreement dated as of January 1, 1995, as supplemented by a Supplement to the Trust Agreement, dated the Date of Issuance set forth above (together with the Trust Agreement, the "Agreement"), each by and between the Secretary, as sponsor of such Trust created on behalf of the Borrowers, and Chemical Bank (or any successor thereto), as Trustee. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Certificateholder by virtue of the acceptance hereof assents and by which such Certificateholder is bound.

The Trustee will distribute on each Distribution Date, or, if any such day is not a Business Day, on the next succeeding Business Day (the "Distribution Date"), commencing on the Distribution Date next succeeding the Date of Issuance, to the Person in whose name

this Certificate is registered at the close of business on the Business Day immediately preceding such Distribution Date (the "Record Date"), an amount equal to accrued interest and receipts in respect of principal due on Notes having the same Principal Due Date as set forth on this Certificate, including any Guaranty payments made by the Secretary, but excluding the amounts, if any, received as late payments of principal and interest and respecting which the Secretary has made Guarantee Payments.

Interest will accrue on the outstanding principal amount of this Certificate at the Pass-Through Interest Rate stated above, calculated on the basis of a year of 360 days, consisting of twelve 30-day months, from the Date of Issuance until payment of such principal amount shall have been made or duly provided for, and interest so accrued will be payable semi-annually on each Distribution Date.

Where DTC or its nominee is the sole Certificateholder, distributions shall be made in accordance with the applicable Letter of Representations. If DTC or its nominee is not the sole Certificateholder, distributions shall be made (i) by the Trustee or other paying agent to Certificateholders holding Certificates in an aggregate principal amount of \$1 million or more by wire transfer for the account of such Person in immediately available

funds to such commercial bank located in the continental United States having appropriate facilities for such purpose as may be designated in writing by the Person in whose name this Certificate is registered to the Trustee (provided that such Person shall have provided the Trustee with appropriate written wire transfer instructions not later than 5 Business Days prior to the applicable Distribution Date or (ii) by check to the Person in whose name such Certificates are registered at the close of business on the Record Date. Notwithstanding the above, the final distribution on this Certificate will be made on the Distribution Date coinciding with the related Maturity Date, or, if the final distribution shall occur prior to such date, such final distribution will be made without regard to the Record Date after notice by the Trustee of the pendency of such distribution and of the date on or after which this Certificate may be presented and surrendered for payment, and, in either case, only upon presentation and surrender of this Certificate at the office or agency maintained by the Secretary pursuant to the Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement, or be valid for any purpose.

This Certificate is one of a duly authorized issue of Section 108 Government Guaranteed Participation Certificates of the Series set forth on the face of this Certificate (herein called the "Certificates") and representing the Fractional Undivided Interest set forth on the face hereof in (i) a portion of a Trust consisting of the Principal Amounts of Notes due on the Principal Due Date specified above, (ii) such funds as from time to time may be credited to the certificate account relating to this Series created by the Trustee pursuant to the Agreement (the "Certificate Account") and (iii) the Guaranty with respect to such Notes (the Notes, such funds credited to the Certificate Account, and the Guaranty being hereinafter called the "Trust"). The timely payment of principal and interest is guaranteed by the Secretary pursuant to the Guaranty.

By acceptance hereof, the Certificateholder acknowledges and agrees that, in consideration for the Guaranty and the Secretary's guarantee of the timely payment of all distributions payable with respect to this Certificate, the Secretary has appointed the Trustee to administer the Notes in accordance with the express terms of the Agreement but shall retain full power and authority, acting alone, to do any and all things in connection with such administration which it may deem necessary or desirable, and shall have the sole and exclusive right to take action and assert claims

with respect to the Notes. Any term of any Note may be modified by such amendments as may be agreed upon from time to time by the Secretary and the Borrower under such Note. No such change in the terms of any Note shall alter or affect the Secretary's guarantee of timely payment of all principal and interest on such Note or this Certificate. The Certificateholder acknowledges and agrees that the Trustee shall have only those duties expressly provided in the Agreement and shall have no other duties or responsibilities with respect to the Certificateholders or the Trust, except that, as long as DTC or its nominee shall be the only registered Certificateholder, the Trustee shall act as DTC's agent solely for the purpose of enforcing the Certificate Guarantee.

Upon the payment in full of all amounts due on any Note (including pursuant to the Guaranty), the Trustee shall promptly release and assign such Note to the Secretary and such Note will no longer constitute a part of the Trust.

As long as DTC is the sole Certificateholder, Certificates having the same Maturity Date will be registered as a single Certificate. Definitive Certificates issued under the Agreement shall be issued in such denominations as the Secretary and the Underwriters shall agree and as are administratively acceptable to the Trustee. Prior to due presentation of this Certificate for

registration of transfer, the Secretary and the Trustee and any agent of the Secretary or the Trustee may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Secretary, the Trustee nor any such agent shall be affected by notice to the contrary.

Pursuant to the Agreement, the Secretary will maintain a designated office or agency where Certificates may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Secretary in respect of the Certificates and the Agreement may be served. The Secretary has initially appointed the Corporate Trust Office of the Trustee as such office for said purposes. The Secretary will give prompt written notice to the Trustee and the Certificateholders of any change in the location of any such office or agency.

The Trustee is the registrar of the Certificates. The Trustee shall cause to be kept at the office or agency referred to above a Certificate Register in which the Trustee shall provide for the registration of Certificates and of transfers and exchanges of Certificates as provided in the Agreement.

A service charge equal to a reasonable fee of the Trustee shall be charged to the Person presenting this Certificate for

transfer or exchange upon any registration of transfer or exchange of this Certificate, and the Trustee may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of this Certificate.

The Agreement may be amended from time to time by the Secretary and the Trustee without the consent of any of the Certificateholders; provided, however, that no such amendment shall reduce in any manner the amount of, or delay the timing of, payments received on Notes, including Guarantee Payments, which are required to be distributed on any Certificate without the consent of the affected Certificateholder. No such amendment, modification, waiver or consent shall adversely affect the rights of the Certificateholders of any Certificate issued in accordance with the terms of the Agreement and outstanding at the time of such amendment, modification, waiver or consent.

The Certificate does not purport to summarize the Agreement and reference is made to the Agreement for the interests, rights, benefits, obligations and duties evidenced hereby, and the rights, duties and immunities of the Trustee.

The obligations created by the Agreement and the Trust created thereby with respect to this Certificate shall terminate upon the final payment of the last remaining Principal Amount, together with accrued and unpaid interest thereon, to the Certificateholders by the Trustee or the Secretary or pursuant to applicable law with respect to unclaimed funds as the case may be.

IN WITNESS WHEREOF, the Secretary has caused this Certificate to be duly executed on its behalf by its issuing agent, the Trustee, under the official seal of the Trustee.

CHEMICAL BANK,
as Trustee

By: _____
Authorized Officer

[Seal]

Attest:

By: _____
Authorized Officer

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Agreement.

CHEMICAL BANK,
as Trustee

By: _____
Authorized Officer

Date: _____

[FORM OF CERTIFICATE GUARANTEE]

The Secretary hereby unconditionally guarantees to the Certificateholder, when this Certificate Guarantee is executed on behalf of the Secretary, authenticated and delivered by the Trustee, the timely payment of all distributions payable with respect to this Certificate when and as the same shall become due and payable according to the terms of this Certificate and of the Agreement.

The Secretary hereby agrees that the Secretary's obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of this Certificate or the Agreement, the absence of any action to enforce the same, any waiver or consent by the Certificateholder or by the Trustee with respect to any provisions hereof or of the Agreement, the recovery of any judgment against the Secretary or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Secretary hereby waives diligence, presentment, demand of payment, any right to require a proceeding first against the Trust, protest or notice with respect to this Certificate and all demands whatsoever, and covenants that this Certificate Guarantee will not be discharged

except by complete performance of the obligations contained in this Certificate and in this Certificate Guarantee.

The Secretary shall be subrogated to all rights of the Trustee and the Certificateholders to receive payments made by the Borrowers pursuant to the Notes in respect of any amounts paid by the Secretary pursuant to the provisions of this Certificate Guarantee or the Agreement.

This Certificate Guarantee shall be governed by and construed in accordance with the federal law of the United States of America.

The full faith and credit of the United States is pledged to the performance of this Certificate Guarantee.

All terms used in this Certificate Guarantee which are defined in the Agreement shall have the meanings assigned to them in the Agreement.

This Certificate Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Certificate upon which this Certificate Guarantee is endorsed shall have been executed by the Trustee by the manual signature of one of its authorized officers.

IN WITNESS WHEREOF, the Secretary has caused this Certificate
Guarantee to be duly executed.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

By: _____
Title: _____

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) unto

(Insert Social Security
or Other Identifying
Number of Assignee)

(Please Print or Type Name
and Address, including Zip Code, of Assignee)

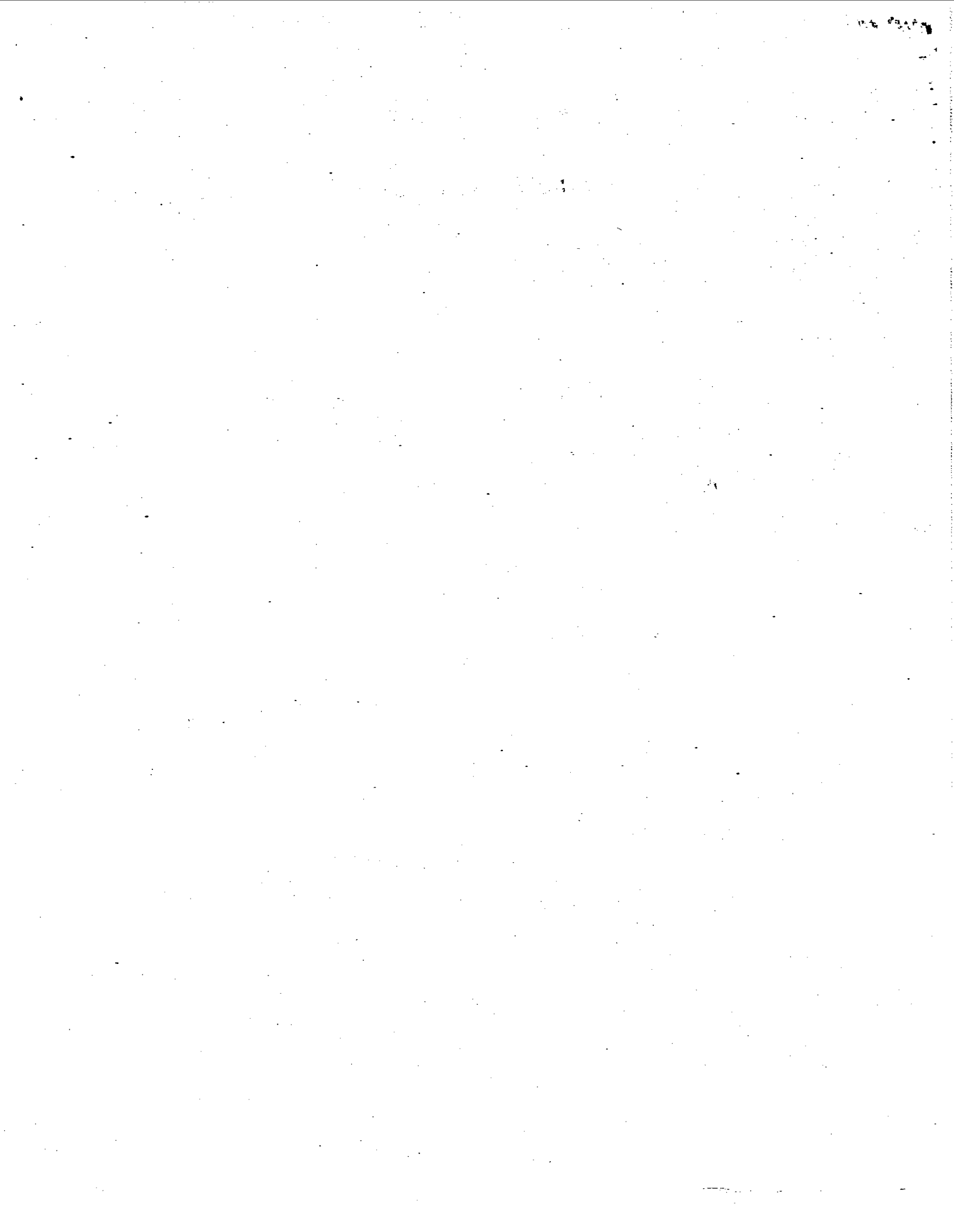
the within Certificate and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of said Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



SUPPLEMENT

relating to :
\$ _____ Aggregate Original Principal Amount

SECTION 108 GOVERNMENT GUARANTEED
PARTICIPATION CERTIFICATES, SERIES HUD 19 ____ - ____

This SUPPLEMENT, is entered into by the SECRETARY OF HOUSING AND URBAN DEVELOPMENT (the "Secretary") and CHEMICAL BANK, as trustee (the "Trustee") under that certain Trust Agreement, dated January 1, 1995, by and between the Trustee and the Secretary, as sponsor of a Trust created on behalf of certain units of general local government and public agencies designated by such units of general local government (the "Agreement"). All capitalized terms used but not defined herein have the meanings ascribed thereto in the Agreement.

WITNESSETH

WHEREAS, pursuant to the Agreement, the Trustee is to hold in trust certain Notes guaranteed by the Secretary and to issue Certificates evidencing beneficial interests in a trust consisting of such Notes (the "Trust"); and

WHEREAS, pursuant to the Agreement, the Secretary and the Trustee are to enter into this Supplement whereby the Secretary delivers the Notes and related Guaranty to the Trustee and the Secretary directs the Trustee to issue the Certificates;

NOW, THEREFORE, in consideration of these premises, the parties agree as follows:

1. Delivery and Acknowledgment.

The Secretary hereby delivers to the Trustee (a) the Notes (together with any necessary endorsements thereon) listed on the attached Schedule 1, as identified by Borrower, Aggregate Principal Amounts, Principal Amounts, Principal Due Dates and interest rates and (b) the related Guaranty to hold in trust for the benefit of the Certificateholders. The Secretary acknowledges the terms and conditions of the Agreement and hereby agrees that the Trust shall be governed by the terms thereof. The term "Trust" as used herein shall refer to that Trust established as a result of the delivery to the Trustee of the Notes and related documents referred to herein.

2. Authority to Issue Certificates.

The Secretary hereby directs the Trustee, as agent for the Secretary, to issue Certificates with respect to the Trust as follows:

a. Name of Series. The designation of the Series authorized hereby shall be "Section 108 Government Guaranteed Participation Certificates, Series HUD 19__-__, Guaranteed by the Secretary of Housing and Urban Development."

b. Issuance of Certificates. Pursuant to Section 2.03 of the Trust Agreement, the Trustee is hereby authorized and directed to execute on behalf of the Secretary, authenticate and deliver, on this date, in the name of the Certificateholder, the Certificates specified on the attached Schedule 2 against receipt of the Notes, the related Guaranty and this Supplement.

3. Acknowledgments and Certifications.

a. The Secretary hereby certifies that it has satisfied all conditions on its part to be performed or satisfied as a condition to the issuance of the foregoing Certificates. Without limiting the provisions of Section 3.11 and Section 7.01 of the Agreement, the Secretary further certifies that the Trustee shall be paid, for services rendered in connection with the administration of the Trust assets listed on the attached Schedule 1, and pursuant to Section 7.01 of the Agreement, a fee of \$_____.

b. The Trustee hereby acknowledges receipt of the Trust assets listed on the attached Schedule 1.

c. This Supplement shall constitute the Supplement referred to in Section 2.01 of the Agreement.

IN WITNESS WHEREOF, the parties have caused this Supplement to be executed this ____ day of _____, 19__.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

By: _____

CHEMICAL BANK, as Trustee

By: _____
Assistant Vice President

**SCHEDULE 1 TO SUPPLEMENT
TO TRUST AGREEMENT**

TRUST ASSETS ASSIGNED TO TRUSTEE

PRINCIPAL DUE DATE	INTEREST RATE
_____, 199__	_____ %
_____, 199__	_____ %
_____, 199__	_____ %

Borrower	Aggregate Principal Amounts	Principal Amounts Due on above Principal Due Dates					
		199__	199__	199__	199__	200__	200__

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

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: B-04-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: \$6,850,000

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 (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 therefor 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-04-UC-53-0001

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2005	\$0
August 1, 2006	67,000
August 1, 2007	70,000
August 1, 2008	554,000
August 1, 2009	579,000
August 1, 2010	609,000
August 1, 2011	638,000
August 1, 2012	671,000
August 1, 2013	703,000
August 1, 2014	738,000
August 1, 2015	177,000
August 1, 2016	186,000
August 1, 2017	195,000
August 1, 2018	205,000
August 1, 2019	215,000
August 1, 2020	225,000
August 1, 2021	237,000
August 1, 2022	248,000
August 1, 2023	260,000
August 1, 2024	273,000
	\$6,850,000

Maximum Commitment Amount =

SCHEDULE P&I*

Note No. B-04-UC-53-0001

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2005			X
	August 1, 2006			X
	August 1, 2007			X
	August 1, 2008			X
	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	
<u>\$</u>	=	Aggregate Principal Amount		

Principal Amounts due on or after August 1, 2016, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2015.

*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.

GREENBRIDGE FORGIVABLE LOAN AND SUBRECIPIENT AGREEMENT

THIS SECTION 108 FORGIVABLE LOAN AND SUBRECIPIENT AGREEMENT (this "Agreement"), dated for reference purposes _____, 2005 is entered into by and between the HOUSING AUTHORITY OF THE COUNTY OF KING, a Washington public body corporate and politic, hereinafter called "Borrower," and KING COUNTY, a Washington municipal corporation, hereinafter called "Lender."

RECITALS

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

- A. The Borrower is an important regional organization as it provides a broad range of federally and locally financed housing programs that serve a variety of housing needs in King County; and
- B. The Park Lake Homes Community was originally developed in the 1940's and during its useful life, served as affordable housing for King County residents at low to moderate income levels; and
- C. The Borrower has begun a major HOPE VI redevelopment and revitalization project of the existing Park Lake Homes public housing community to be known as Greenbridge in the unincorporated area of White Center; hereinafter referred to as the "Greenbridge"; and
- D. Greenbridge represents a complete redevelopment of the Park Lake Homes facility including new buildings, replacement of existing infrastructure including streets, water lines, sanitary sewers, storm drainage and other utilities; and
- E. Upon completion, Greenbridge will provide for 900 to 1,100 residential housing units in a mix of housing types that serve existing Park Lake Homes residents as well as a mix of incomes; and
- F. In addition to housing, Greenbridge will include community-oriented uses, which will likely include a branch library, community center, youth and family facilities, Head Start and child care facility, Sheriff's office, and neighborhood level retail uses; and
- G. Greenbridge was planned pursuant to King County's Demonstration Ordinance (Ord. No. 14662) and serves as a pilot project to showcase innovative approaches to land development and incorporation of low-impact design and affordable housing; and
- H. Borrower was successful in securing a \$35 million federal Housing and Urban Development ("HUD") HOPE VI grant to off-set the over-\$160 million anticipated project costs for Greenbridge; and

- I. In 2001 the County Executive committed \$10 million in county capital funds to demonstrate to HUD local commitment in the KCHA's Hope VI grant and redevelopment application, a local commitment that proved to be instrumental in KCHA receiving the Hope VI grant; and
- J. With the use of the Loan proceeds described below, Borrower intends to partially fund the costs of new infrastructure in Phase I of Greenbridge located in the unincorporated area of White Center and to fund the permitting and construction of the White Center Food Bank as more fully described in Exhibit A (hereinafter called the "Project"); and
- K. In Greenbridge, between nine hundred and one thousand one hundred (900-1,100) units of housing will be constructed of which at least four hundred will be rental units available to those families with less than sixty percent of the area median. No less than two hundred units will be built by private developers for home ownership, with a goal that twenty-five percent of those will be affordable to families below eighty percent of the area median; and
- L. This Greenbridge Forgivable Loan and Subrecipient Agreement partially fulfills the county' executive's \$10,000,000 commitment to the Borrower. The Project is consistent with the community development objectives of King County's consolidated housing and community development plan enacted by King County on November 19, 2004; and
- M. The proceeds of this loan will help the Borrower redevelop substandard housing, revitalize the White Center neighborhood, and provide an example of private investment and environmentally sustainable in-fill development in a economically depressed area of unincorporated King County; and
- N. Lender is willing to make the Loan to Borrower for the purposes hereinabove set forth, all upon the terms and conditions herein set forth; and
- O. Except for the Community Development Interim Loan made to KCHA and \$2 million in King County housing funds that will be awarded to Borrower, Lender makes no commitment to future support and assumes no obligation for future support of the activities contracted for herein, except as expressly set forth in this Agreement; and
- P. The King County 2005 Capital Improvement Project (CIP) budget includes an appropriation for debt service payments for the HUD Section 108 Loan used for the Project in the capital budgets of the King County Roads Division of the Department of Transportation, and the Water and Land Resources and Parks Divisions of the Department of Natural Resources and Parks. The Project is also included in the 6-year CIP plan; and

- Q. The Joint Recommendation Committee of the King County Consortium recognizes the significance of the Project and has therefore recommended that the Project receive priority funding; and
- R. Borrower plans to begin infrastructure development beginning in 2005 and therefore has a strong financial need to receive all county capital funds as soon as possible.

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

ARTICLE I

THE LOAN

- 1.1 The Forgivable Loan. In reliance upon Borrower's representations and warranties, and subject to the terms and conditions herein and in the Loan Documents, Lender hereby agrees to loan Borrower a sum of money not to exceed SIX MILLION SEVEN HUNDRED FIFTY THOUSAND NO/100 DOLLARS for the purposes set forth herein, which funds shall be received by Lender from the HUD Section 108 Loan and from no other source (the "Loan"). Borrower shall have the right to receive Loan funds from Lender only pursuant to the terms and conditions of this Agreement and in accordance with the Act, and then only to the extent Section 108 Loan funds are made available to Lender by HUD. Borrower shall promptly apprise Lender in writing of any condition known to it which may result in a delay or reduction of Section 108 Loan funds for the Project.
- 1.2 Predevelopment and Infrastructure Development Financing Only. The Loan is only to provide financing to the Borrower for costs of predevelopment, land, and infrastructure costs of the Project, and for permitting and construction costs for the White Center Food Bank.
- 1.3 Loan Documentation and Security. The Loan will be evidenced by this Agreement and by a Forgivable Promissory Note in the form attached hereto as Exhibit B (the "Promissory Note")
- 1.4 Expenditures of Loan Proceeds. The Loan proceeds may not be used for infrastructure expenditures that occurred prior to September 16, 2004. The Loan proceeds may not be used for the permitting and construction expenditures for the White Center food bank that occurred prior to January 1, 2005. Funds shall not be reimbursed for any construction on the proposed White Center food bank site until an appropriate agreement is in place authorizing the required food bank use of the site for 15 years.

1.5 Loan Disbursal. The Borrower shall submit draw request(s) for disbursal of Loan Proceeds under this Agreement. Each request shall include the certifications identified in Section 1.5A(a) through (g) below with respect to the specific work for which reimbursement is sought. Lender acknowledges that upon its review and approval of the certifications it shall authorize the release the requested funds.

1.5A Draw Request Certifications:

- (a) The Borrower certifies that it has incurred Project costs for public infrastructure improvements located within Greenbridge or for the Project costs for the White Center Food Bank ;
- (b) The Borrower has submitted documentation that the Loan proceeds for which disbursal is sought have been expended for activities described in Exhibit A and that the expenditures are for work activity completed after the appropriate dates identified in Section 1.4 of this Agreement.
- (c) As to \$2,106,109 of the Loan proceeds, the Borrower has certified these Loan proceeds for the which disbursal is sought will be used for demolition required for road construction, design, right of way acquisition, construction, and construction management of public roadway improvements, including storm drainage within the road right of way, and associated costs for sidewalks, street lighting, street landscaping, and traffic signals. These expenditures must be lawful expenditures for which King County Road Funds may be used;
- (d) As to \$ 752,037 of the Loan proceeds, the Borrower has certified these Loan Proceeds for which disbursal is sought will be used for demolition required for park construction, planning, and construction management of parks located in unincorporated area King County and these parks will remain open to the general public. These expenditures must be lawful expenditures for which King County Real Estate Excise Tax II revenues may be used;
- (e) As to \$552,037 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursal is sought will be used for the design and engineering, necessary demolition, construction, and construction management of Storm Water Drainage facilities for the Project. These expenditures must be lawful expenditures for which King County Surface Water Management fees may be used;
- (f) As to \$2,839,817 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursal is sought will be used for design and engineering, demolition, construction, and construction management for any CDBG eligible infrastructure. These expenditures must be lawful expenditures for which King County current expense funds may be used.

- (g) As to \$500,000 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursement is sought will be used for the permitting; site improvements; and acquisition, construction management, and installation of a 3,700 square foot modular facility for the White Center food bank.

1.5B Loan Activity Completion Certifications:

By September 30, 2010, Borrower shall provide Lender with the following certifications:

- (a) The Borrower certifies that the Loan proceeds which were disbursed have been expended for eligible activities, as defined in 24 CFR 570.703;
- (b) The Borrower certifies that the Loan proceeds disbursed have been expended for public infrastructure improvements located within Greenbridge and the acquisition and construction for the White Center Food Bank.
- (c) Borrower certifies that the infrastructure improvements designed and constructed with disbursed Loan Proceeds, except for Food Bank expenditures indicated in 1.5 B (h) below; were constructed in accordance with the County approved development plans on file with the King County Department of Development and Environmental Services, File No. L04SR028.
- (d) As to \$2,106,109 of the Loan proceeds, the Borrower has certified these Loan proceeds disbursed were used for demolition required for road construction, design, right of way acquisition, construction, and construction management of public roadway improvements, including storm drainage within the road right of way, and associated costs for sidewalks, street lighting, street landscaping, and traffic signals. These expenditures must be lawful expenditures for which King County Road Funds may be used;
- (e) As to \$ 752,037 of the Loan proceeds, the Borrower has certified these Loan Proceeds which were disbursed were used for demolition required for park construction, planning, construction, and construction management of parks located in unincorporated area King County and these parks will remain open to the general public. These expenditures must be lawful expenditures for which King County Real Estate Excise Tax II revenues may be used;
- (f) As to \$552,037 of the Loan proceeds, the Borrower has certified these Loan proceeds which were disbursed were used for the design and engineering, necessary demolition, construction, and construction management of Storm Water Drainage facilities for the Project. These expenditures must be lawful expenditures for which King County Surface Water Management fees may be used;
- (g) As to \$2,839,817 of the Loan proceeds, the Borrower has certified these Loan proceeds which were disbursed were used for design and engineering, demolition,

construction, and construction management for any CDBG eligible infrastructure. These expenditures must be lawful expenditures for which King County current expense funds may be used.

- (h) As to \$500,000 of the Loan proceeds, the Borrower has certified these Loan proceeds for which disbursement is sought will be used for the permitting, site improvements; and acquisition, construction management, and installation of a 3,700 square foot modular facility of the White Center food bank. Borrower shall also certify that the work has been completed in accordance with applicable building codes and permits, and that ownership of the building constructed has been transferred to the White Center Food Bank with the requirement set forth in Section 8.6 of this Agreement.

1.5C Lender acknowledges and agrees that the expense categories described in attached Exhibit A meet the requirements of the various sources of funding outlined in sections 1.5A(c), (d), (e), (f), and (g).

- 1.6 Loan Forgiveness. Borrower's obligation to repay Loan Proceeds disbursed in accordance with Section 1.5, shall be forgiven provided: (1) the certifications required in Section 1.5 are true and accurate; and (2)(a) either the Department of Development and Environmental Services has issued a final construction approval indicating performance of Greenbridge Phase I infrastructure improvement requirements or the County has determined in its sole discretion that sufficient guarantees are in place to assure such performance, or (b) Borrower certifies that all Park Projects described in Exhibit A has been completed, whichever of (a) or (b) is later.

- 1.7 Loan Repayment.

- (a) Any portion of the Loan not forgiven in accordance with Section 1.6 herein shall be due and payable by Borrower on September 30, 2010.

ARTICLE II

BORROWER'S REPRESENTATIONS AND WARRANTIES

In order to induce Lender to make the Loan, Borrower represents and warrants as follows, which representations and warranties shall be true and correct as of the execution hereof and shall survive the execution and delivery of this Agreement and the Note:

- 2.1 Organization of Borrower; Authority to Enter into Agreement. Borrower is a public body corporate and politic, duly formed and validly in existence pursuant to the laws of the State of Washington and authorized to transact business in the State of Washington. Borrower has the right and power to own the Project and Borrower has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and carry out the provisions of the Loan Documents. The execution, delivery and performance of this Agreement and the Loan Documents have been duly authorized by all necessary corporate action, and no other action of Borrower is required for the execution, delivery and performance of this Agreement or the Loan Documents. This Agreement and the Note

constitute or, if not yet executed or delivered, will when so executed and delivered constitute, valid and binding obligations of Borrower, each enforceable in accordance with their respective terms.

- 2.2 Nondiscrimination. During the performance of this Loan Agreement, Borrower shall not discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, 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. Borrower shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, and Titles VI and VII of the Civil Rights Act of 1964.
- 2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Project in any court at law or in equity, or before or by any governmental or municipal authority which might adversely affect the ability of Borrower to perform its obligations hereunder or under any of the Loan Documents to which Borrower is a party.
- 2.4 Covenants, Zoning and Codes. Borrower will comply with all applicable environmental statutes and regulations to be complied with in connection with its ownership of the Project. To Borrower's knowledge, 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 presently necessary for the ownership and operation of the Work, have been obtained, are valid, adequate and in full force and effect or will be obtained prior to the commencement of any activities for which a permit, consent, approval or authorization is necessary. To Borrower's knowledge, operation of the Project will in all respects conform to and comply with all applicable zoning, environmental protection, use and building codes, laws, regulations and ordinances.
- 2.5 Approval of Project. The Project, as described in Exhibit A hereto is a description of work Borrower intends to fund with the proceeds of this Loan. Exhibit A has been approved by Borrower and, to Borrower's knowledge, the Project has or will receive any required approvals as required by all governmental bodies or agencies having jurisdiction.
- 2.6 Compliance With Documents. As of the date hereof and until the Project is completed, Borrower is and will remain in full compliance with all of the terms and conditions of this Agreement, the Loan Documents, and no event of default has or shall have occurred and be continuing which, with the lapse of time or the giving of notice, or both, would constitute such an event of default under the foregoing.
- 2.7 Compliance with Community Development Block Grant and Section 108 Loan Guaranty Requirements.

- (a) This Agreement meets the requirements set forth in Community Development Block Grant Program (hereinafter "CDBG") Regulations at 24 CFR Part 570.503(b) to constitute a subrecipient agreement, the Project as described are consistent with the national objective for the CDBG Program specified at 24 CFR Part 570.208(a)(1), and this Agreement is consistent with the loan guarantee requirements at 24 CFR 570.700 et seq.
- (b) Borrower will plan, design and construct the Project in compliance with the applicable requirements set forth in the CDBG regulations.
- 2.8 Borrower will comply with all mitigation requirements set forth in the Greenbridge Environmental Impact Statement, including the noise mitigation.
- 2.9 Incorporation of Representations and Warranties. The request by the Borrower for any disbursement of Loan proceeds under this Agreement shall constitute a certification by the Borrower that the aforesaid representations and warranties are true and correct as of the date of such request.

ARTICLE III

CONDITIONS PRECEDENT TO LOAN CLOSING

Lender's obligation to enter into and perform its duties under this Agreement shall be subject to the full and complete satisfaction of the following conditions precedent:

- 3.1 Documents. Lender shall have received and approved fully executed originals of each of the following documents which shall have been duly authorized, executed (and, where appropriate, acknowledged), and delivered by the parties thereto: this Agreement, the Promissory Note, and any and all other related documents as Lender may deem reasonably necessary with respect to the Loan.
- 3.2 Evidence of Authority. Lender shall have received evidence satisfactory to it that Borrower and the persons signing on behalf of Borrower have the capacity and authority to execute and deliver Loan Documents on behalf of Borrower.

ARTICLE IV

INSURANCE REQUIREMENTS—GENERAL

- 4.1 (a) Insurance Required. By the date of execution of this Agreement, the Borrower shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by the Borrower, its agents, representatives, employees, and/or contractors. The Borrower or contractors shall pay the costs of

such insurance. The Borrower shall furnish separate certificates of insurance and policy endorsements from each contractor and require each contractor to furnish the same from its subcontractors as evidence of compliance with the insurance requirements of this Agreement.

The Borrower is responsible for ensuring compliance with all of the insurance requirements stated herein. Failure by the Borrower, its agents, employees, officers, or contractors to comply with the insurance requirements stated herein shall constitute a material breach of this Agreement.

Each insurance policy shall be written on an "occurrence" form; except that insurance on a "claims made" form may be acceptable with prior County approval. If coverage is approved and purchased on a "claims made" basis, the Borrower warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Agreement termination, and/or conversion from a "claims made" form to an "occurrence" coverage form.

- (b) Risk Assessment by Borrower. By requiring such minimum insurance, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Borrower under this Agreement, nor shall such minimum limits be construed to limit the limits available under any insurance coverage obtained by the Borrower. The Borrower shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.
- (c) Minimum Scope of Insurance. Coverage shall be at least as broad as:
1. General Liability. Insurance Services Office form number (CG 00 01 Ed. 11-88 or its equivalent) covering COMMERCIAL GENERAL LIABILITY.
 2. Professional Liability, Errors, and Omissions Coverage. In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors, and Omissions coverage shall be provided. "Professional Services", for the purpose of this Agreement section, shall mean any services provided by a licensed professional or those services that require a professional standard of care.
 3. Automobile Liability. Insurance Services Office form number (CA 00 01 or its equivalent) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the appropriate coverage provided by symbols 2, 7, 8, or 9.
 4. Workers' Compensation. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable federal or "Other States" state law.

5. Stop Gap/Employers Liability. Coverage shall be at least as broad as the protection provided by the Workers' Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.
 6. Property Insurance. Insurance Services Office form number (CP 00 10 Ed. 10-90) covering BUILDING AND PERSONAL PROPERTY COVERAGE FORM and Insurance Services Office form number (CP 10 30 Ed. 10-90) CAUSES OF LOSS—SPECIAL FORM or project appropriate equivalent.
 7. Builder's Risk/Installation Floater. The Borrower shall procure and maintain during the life of the Agreement, or until acceptance of the Work by King County, which ever is longer, "All Risk" Builders Risk Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft and property in transit. The coverage shall insure for direct physical loss to property of the entire construction Work, for 100 percent of the replacement value thereof. The policy shall be endorsed to cover the interests, as they may appear, of King County, Owner, Borrower and subcontractors of all tiers with King County listed as a Named Insured.
- (d) Minimum Limits of Insurance—Capital Projects: The Borrower shall maintain limits no less than, for:
1. Commercial General Liability: \$1,000,000 combined single limit per occurrence by bodily injury, personal injury, and property damage; and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
 2. Professional Liability, Errors, and Omissions: \$1,000,000, Per Claim and in the Aggregate.
 3. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage if the use of motor vehicles is contemplated
 4. Workers' Compensation: Statutory requirements of the state of residency.
 5. Stop Gap /Employers Liability: \$1,000,000.
 6. Property Insurance: One hundred percent replacement value of funded structure.
- (e) Minimum Limits of Insurance—Building Construction Period. Prior to commencement of activities funded under this agreement and until funded activities are complete and approved by the Borrower, the Borrower shall cause the construction contractor and related professionals to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. The Borrower and County shall be a named as additional insureds on liability policies except Workers

Compensation and Professional Liability and as Named Insureds on Builders Risk policies. The cost of such insurance shall be paid by the Borrower and/or any of the Borrower's contractors. The Borrower/Contractor shall maintain limits no less than, for:

1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate
 2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
 3. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate
 4. Builder's Risk Insurance: One hundred percent replacement cost value.
 5. Workers Compensation: Statutory requirements of the State of residency.
 6. Stop Gap or Employers Liability Coverage: \$1,000,000.
- (f) Minimum Limits of Insurance—Services Agreements: The Borrower shall maintain limits no less than, for:
1. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate
 2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
 3. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate
 4. Workers Compensation: Statutory requirements of the State of Residency.
 5. Stop Gap or Employers Liability Coverage: \$1,000,000.
- (g) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to, and approved by, the County. The deductible and/or self-insured retention of the policies shall not apply to the Borrower's liability to the County and shall be the sole responsibility of the Borrower.
- (h) Other Insurance Provisions. The insurance policies required in this Agreement are to contain, or be endorsed to contain, the following provisions:
1. All Liability Policies except Professional and Workers Compensation

- (A) The County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Borrower/ in connection with this Agreement. Such coverage shall include Products-Completed Operations
- (B) To the extent of the Borrower's/Contractor's negligence, the Borrower's/Contractor's insurance coverage shall be primary insurance as respects the Lender, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the Lender, its officers, officials, employees, or agents shall not contribute with the Borrower's insurance or benefit the Borrower in any way.
- (C) The Borrower's insurance shall apply separately to each insured against whom claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

2. Property Coverage Policies

- (A) The Lender shall be added to all Property Coverage Policies as a loss payee as its interests may appear
- (B) The Lender shall be added as a Named Insured as their interests may appear to all Builders Risk policies

3. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after forty-five (45) days prior written notice has been given to the Lender.

- (i) Acceptability of Insurers. Unless otherwise approved by the Lender, insurance is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests, with minimum surpluses the equivalent of Bests' surplus size VIII.

Professional Liability, Errors, and Omissions insurance may be placed with insurers with a Bests' rating of B+VII. Any exception must be approved by the Lender.

If, at any time, the foregoing policies shall fail to meet the above requirements, the Borrower shall, upon notice to that effect from the Lender, promptly obtain a new policy, and shall submit the same to the Lender, with appropriate certificates and endorsements, for approval.

- (j) Verification of Coverage. The Borrower shall furnish the Lender with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the Lender prior to the commencement of activities associated with the Agreement. The Lender reserves the right to require complete, certified copies of all required insurance policies at any time.
- (k) Subcontractors. The Borrower shall require its contractors to include all subcontractors as insureds under its policies or shall furnish separate certificates of insurance and policy endorsements from each subcontractor. Insurance coverages provided by contractors/subcontractors, as evidence of compliance with the insurance requirements of this Agreement, shall be subject to all of the requirements stated herein.
- (l) Municipal or State Agency Provisions. If the Borrower is a municipal corporation or an agency of the State of Washington and is self-insured for any of the above insurance requirements, a certification of self-insurance shall be provided for the self-insured requirements and attached hereto and be incorporated by reference and shall constitute compliance with this Section. If the certificate of self-insurance does not cover all mandatory requirements, the Borrower shall provide separate certificates and endorsements that document coverage.

ARTICLE V

CONDITIONS PRECEDENT TO FORGIVABLE LOAN ADVANCE

Lender's obligation to make the initial advance of Loan funds pursuant to the terms hereof shall, in addition to compliance with the terms of Article III hereof, be subject to receipt of the following documents and satisfaction of the following conditions precedent:

- (a) Receipt by Lender of any other documents and assurances as it may reasonably request which are required by HUD or any federal, state or county regulatory agency which requests Lender to provide such documents or assurances.
- (b) Lender shall have received notice from HUD's Fiscal Agent that the Section 108 loan proceeds are available for disbursement.
- (c) Prior to any Loan Advance, Borrower shall provide Lender with a CDBG Program Voucher invoice accompanied by copies of supporting documents. Within 21 business days Lender shall review the invoice, and if the invoice is adequate, approve the Loan Advance, and authorize HUD's Fiscal Agent to disburse Loan proceeds to KCHA.

ARTICLE VI

BORROWER'S LOAN COVENANTS

Borrower covenants and agrees as follows:

- 6.1 General. From and after the date hereof and so long as any amount remains unpaid on the Promissory Note, or for so long as any commitment exists to extend credit hereunder, Borrower covenants and agrees that it will:
- (a) Promptly complete the Project by September 30, 2010 and submit to the Lender the required documentation for disbursements of Loan proceeds.
 - (b) Preserve and keep in full force and effect its existence as a public housing authority and retain an ownership interest in the Project and
 - (c) Obtain and maintain the insurance required herein.
- 6.2 Change to Project. So long as any portion of the Loan remains unpaid and not forgiven, there shall be no material change of Project without the prior written approval of Lender and, to the extent that such approvals may be required, the appropriate governmental authorities.
- 6.3 Compliance with Laws. Borrower's use of the proceeds of the Loan shall comply 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.
- 6.4 Call Provision. In addition to, and not in any way to be deemed any limitation upon, Lender's right to demand repayment of the Loan at any time, Lender may call any unforgiven portion of the Loan immediately due and payable if at any time during the term of the Loan without Borrower's prior written approval, but with 120 days notice to Borrower.
- (a) Borrower sells, transfers or assigns all or substantially all of the property improved with Loan Proceeds, whether voluntarily or involuntarily, or by the operation of law, without the consent of the Lender, except that the following shall not give rise to any call right of Lender: sales, transfers or assignments to 1) non-profit housing organizations or community service providers, 2) for-sale housing developers, or 3) private partnerships or limited liability companies seeking Low-Income Housing Tax Credits, who through regulatory agreements have agreed to provide housing or services in accordance with KCHA's HOPE VI Revitalization Plan agreement with the U.S. Department of Housing & Urban Development, pursuant to HUD Grant #WA 19URD002I101, as amended, or

(b) Borrower fails to complete the Project by September 30, 2010.

Upon the occurrence of any of the foregoing, Lender may declare an Event of Default hereunder and exercise its rights and remedies pursuant to Article VI.

- 6.5 Inspections. Lender and its representatives shall have the right at all reasonable times during regular business hours (and at any time in the event of an emergency) to inspect the Project to determine that the same is in conformity with the Agreement and all laws, ordinances, rules and regulations applicable to Borrower's use of the Loan funds. Lender shall have the further right, from time to time and upon reasonable notice to Borrower, to inspect Borrower's books and records relating to Borrower's use of the Loan funds. Without limiting the foregoing, Borrower shall permit Lender to examine and copy all books, records and other papers relating to Borrower's use of the Loan funds to insure Borrower's compliance with the Act and applicable provisions of 24 CFR Part 570.
- 6.6 Notify Lender of Litigation or Complaints. Borrower shall promptly notify Lender in writing of all litigation or possible litigation affecting Borrower or any part of the Project which might materially and adversely affect Borrower's performance of its obligations under the Promissory Note or the Loan Documents, and of all complaints or charges made by any governmental authority affecting the Project or Borrower which may require changes in the Project.
- 6.7 Indemnify Lender. Borrower shall indemnify and hold Lender, its elected and appointed officials and any employees thereof, harmless from all liability for any actual or alleged damage or injury of whatsoever nature arising out of or in any way connected with the Project or arising out of Borrower's breach of the provisions of this Agreement, including the cost of defense thereof using counsel approved by Lender. Lender may commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto or the Project, and Borrower shall pay all of the Lender's costs and expenses incurred thereby on demand. **Borrower waives, solely with respect to Lender, its immunity under RCW Title 51, Industrial Insurance. Borrower acknowledges that this waiver has been specifically negotiated and that Lender would not enter into this Agreement absent this waiver.** This section shall survive execution, delivery and performance of this Agreement, the Promissory Note and the Loan Documents. Borrower shall indemnify and hold harmless Lender and its officials and employees from any and all liability, loss, damage, costs and expenses resulting from any failure by Borrower to comply, as a subrecipient, with any federal requirement or to document such compliance as required by law.
- 6.8 Further Assistance. Borrower will at any time and from time to time upon request of Lender 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 Lender is required to do or obtain by HUD or other federal, state or county regulatory agency.

6.9 Use of CDBG Funds.

- (a) Borrower shall purchase supplies and services for activities under this Agreement in compliance with Section 3, Housing and Urban Development Act of 1968, as amended.
- (b) Funds loaned to Borrower hereunder shall not 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 under the provisions of 24 CFR Part 24.
- (c) Relocation and Acquisition. Borrower represents and warrants that it has taken and shall take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project and shall comply with all applicable requirements of the federal Uniform Relocation Act and regulations thereunder, 49 CFR Part 24; 24 CFR Section 570.606, and shall maintain complete and accurate records demonstrating such compliance
- (d) Borrower certifies that any CDBG Program Income, as defined in 24 CFR 570.500, will be used by Borrower only for CDBG Eligible Activities.

6.10 Procurement Standards

- (a) Borrower shall comply with OMB Circular No. A-110, Attachment O, Paragraph g. Failure of the Borrower to comply with the applicable requirements set forth within the foregoing regulations shall be a breach of this Agreement.
- (b) In advertising for employees, goods or services for the activities under this Agreement, Borrower shall comply with all relevant federal requirements
- (c) In awarding contracts pursuant to this Agreement, Borrower shall comply with all applicable requirements of local and state law for awarding contracts, including, but not limited to, procedures for competitive bidding, contractor's bonds, and retained percentages (RCW 60.28.010).

6.11 Administrative Requirements. Borrower shall comply with the policies, guidelines and requirements of 24 CFR Part 85.20, Standards for Financial Management.

6.12 Activities benefiting low and moderate income persons. Lender has received a HUD Section 108 Loan Guarantee for the Projects identified in Exhibit A. Borrowers activities must comply with the requirements in 570.208(a) and benefit low and moderate income persons.

- 6.13 Compliance with Endangered Species Act. The United States Department of Housing and Urban Development (HUD), through its Community Development Block Grant (CDBG) program, has granted this Loan to Lender. Consequently, pursuant to 16 U.S.C. §1536 of the Endangered Species Act (ESA), HUD must insure that any action it funds is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of any endangered or threatened species' critical habitat. Lender has been informed that species listed as threatened pursuant to the ESA occur in the general area of the Property. Borrower has disclosed to Lender that it intends to demolish the existing buildings on the Property prior to repayment of the Loan. In order to analyze any possible effects the demolition activities might have on listed species, Borrower must prepare a Biological Assessment that will analyze whether the demolition activities might have an effect on listed species. After the Borrower has prepared the Biological Assessment, Borrower and Lender will consult with the Services on this Project. Section 7(d) of the ESA prohibits the commitment of irreversible or irretrievable resources by the Borrower or Lender until the Section 7 consultation process has been concluded. Therefore, Borrower, its agents and/or the seller of the Property may not engage in any demolition, grading, clearing, or construction activities on the Property prior to the completion of the Section 7 consultation. If Borrower, its agents and/or the seller of the Property engage in any demolition, grading, clearing or construction activities on the Property prior to the completion of the Section 7 consultation, Lender will demand immediate repayment of the Loan, including any interest that is due.
- 6.14 Compliance with the National Historic Preservation Act. If at any time during the construction phase, any contractors for the Project encounter archaeological materials, Borrower covenants and warrants to Lender that a professional archaeologist will be called immediately to evaluate the materials and develop a mitigation plan if appropriate. This covenant shall also be included in the RFP and the deed transferring the Property to the Private Developer as a covenant running with the land.
- 6.15 Record-Keeping Requirements and Site Visits. Borrower shall maintain, for at least six (6) years after completion of all work under this Agreement, the following:
- (a) Records of employment, employment advertisements, application forms, and other pertinent data, records and information related to employment, applications for employment or the administration or delivery of services or any other benefits under this Agreement; and
 - (b) Records, including written quotes, bids, estimates or proposals submitted to the Borrower by all businesses seeking to participate on this Project, and any other information necessary to document the actual use of and payments to subcontractors and suppliers in this Agreement, including employment records.
 - (c) The Lender may visit, at any time, the site of the work and the Borrowers office to review the foregoing records. The Borrower shall provide every assistance requested by the Lender during such visits. In all other respects, the Borrower shall make the

foregoing records available to the Lender for inspection and copying upon request. In addition, the Borrower shall comply with all record keeping requirements set forth in any applicable federal rules, regulations or statutes.

ARTICLE VII

DEFAULT AND REMEDIES

7.1 Event of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

- (a) Any default by Borrower in the repayment of any indebtedness owing to Lender for any purpose or reason, which indebtedness is not paid when due.
- (b) Any breach by Borrower of any of the non-monetary covenants and conditions of this Agreement, which breach is not cured to Lender's satisfaction within thirty (30) working days from the Borrower's receipt of notice from Lender of such breach, provided, that in the event of a non-monetary breach or default by Borrower which is outside of the control of Borrower and which cannot be cured within said thirty (30) working days, Borrower shall have commenced to cure its breach or default within said thirty (30) working days and thereafter diligently proceeds to cure its breach or default. Notwithstanding anything to the contrary contained herein, any breach or default by Borrower of any applicable laws, ordinances, rules, regulations or executive orders applicable to Lender, Borrower or Borrower's use of the Loan funds shall immediately constitute an Event of Default hereunder.
- (c) Any representation, warranty or disclosure made to Lender by Borrower proves to be materially false or misleading as of the date when made, whether or not such representation or disclosure appears in this Agreement.
- (d) Any material deviation in the operation of the Project without the approval of Lender which deviation is not corrected or substantially corrected within thirty (30) working days after receipt of written notice thereof from Lender to Borrower.
- (d) 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 Borrower's property is filed by or against Borrower which is not dismissed within forty-five (45) days, or if Borrower 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 Borrower and is not discharged within forty-five (45) days.
- (e) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law is filed by or against Borrower within ninety-one (91) days after Borrower has repaid the Loan in full. In such an event, Lender shall have the

absolute right to draw upon the Direct Pay Letter of Credit to the extent of any payments made within ninety-one (91) days of filing a petition in bankruptcy or for reorganization or any arrangement under any bankruptcy or insolvency law, regardless of the fact that Borrower has previously paid the Loan in full, provided that within a reasonable time thereafter Lender shall pay over to the trustee or bankruptcy estate the funds previously paid to Lender by Borrower to the extent that the Direct Pay Letter of Credit is drawn upon under this subparagraph. Notwithstanding the foregoing, in the event Borrower has repaid the Loan in full from funds received from a third party, institutional lender, then Lender shall immediately return the Direct Pay Letter of Credit to the issuer thereof.

7.2 Remedies. Upon the occurrence of an Event of Default, Lender may, at its option and without prior demand or notice take any of the following actions:

- (a) Immediately terminate any further advance of Loan funds hereunder.
- (b) In the event that any of the certifications submitted by Borrower under Sections 1.5 and 1.6 are not true, declare all sums advanced pursuant to such certification immediately due and payable.
- (c) In the event Borrower has breached the representations and warranties identified in Article II, seek injunctive relief or such damages as may be proximately caused by the breach.

All remedies of Lender provided for herein and in any other Loan Document are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by Lender 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 Lender in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, Lender realizes all amounts owed to it under such Loan Documents.

ARTICLE VIII

SUBRECIPIENT REQUIREMENTS

8.1 Borrower acknowledges that it is a Subrecipient (as defined in the Act) for the Work activities described in Exhibit A. The provisions in this section shall survive the termination of this Agreement.

8.2 Statement of Work.

Borrower will design and construct the public infrastructure described in Exhibit A.

Borrower will also construct the 3,700 sq. ft. modular building for the White Center Food Bank as described in Exhibit A.

8.3 Program income.

KCHA shall report all program income when received and anticipated to the Manager of the King County Community Development Block Grant Program.

- (a) KCHA shall report all program income when received and anticipated to the Manager of the King County Community Development Block Grant Program.
- (b) Any CDBG Program Income, as defined in 24 CFR Part 570.504, received by Borrower may be retained by the Borrower as a Subrecipient, provided all CDBG program income is expended for Borrower proposed expenses that are approved by Lender and that represent an eligible Community Development Block Grant expense.
- (c) If the Borrower does not comply with the requirements in Section 8.3(a) Borrower shall return to Lender all CDBG Program Income. Borrower and Lender agree that the following comprise CDBG Program Income for this Project:
 - (1) Principal payments;
 - (2) Any additional proceeds from the borrower's disposition by sale or long-term lease of the property purchased or improved with CDBG funds, if those proceeds exceed the amount in (i) above; and
 - (3) Repayment of any amounts specified in Paragraph 6.1 (h);
- (d) If the Lender authorizes the Borrower to retain the Program Income to continue or benefit a project(s), the Borrower shall comply with all provisions of this Agreement in expending any Program Income. These duties in this section shall not be diminished or extinguished by the termination of this Agreement.

8.4 Compliance with federal and state law.

Borrower's use of the proceeds of the Loan and the Work shall comply with all applicable laws, ordinances, rules and regulations, and executive orders of federal, state and county or municipal governments or agencies, including but not limited to:

Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 United States Code et seq.) and regulations at 24 CFR Part 1;

Public Law 90-284, which is the Fair Housing Act (42 United States Code 3601-3620);

Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p.652; 3 CFR, 1980 Comp., p. 307) and regulations at 24 CFR Part 107;

Section 109 of the Housing and Community Development Act of 1974, as amended, and regulations at 24 CFR Part 8 and 24 CFR Part 146;

Section 110(a) of the Housing and Community Development Act of 1974, as amended, and regulations at 24 CFR Part 70;

Section 202(a) of the Flood Disaster Protection Act of 1973 (42 United States Code 4106) and regulations at 44 CFR Parts 59 through 79;

The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 United States Code 4601-4655) and regulations at 49 CFR Part 24;

Section 104(d) of the Housing and Community Development Act of 1974, as amended;

24 CFR Part 5; and those provisions of 24 CFR Part 85 and OMB Circular A-87 that are specified at 24 CFR Part 502(a).

8.5 Records.

- (a) The Borrower shall maintain accounts and records, including personnel, property, financial, and Project records and other such records as may be deemed necessary by the Lender to ensure proper accounting for all funds provided under this Agreement and compliance with all terms and conditions set forth in this Agreement.
- (b) Records required to be maintained in subsection (a) above shall be maintained for a period of six (6) years after the completion of the Project.
- (c) The Borrower shall inform the Lender in writing of the location, if different from the Borrower address set forth in this Agreement, of the aforesaid books, records, documents, and other evidence and shall notify the Lender in writing of any changes in location within ten (10) working days of any such relocation.
- (e) Exceptions to the six (6) year retention period are as follows: Records that are the subject of audit findings shall be retained by Borrower until such findings have been resolved.
- (f) Financial records shall identify adequately the source and application of all funds provided under this Agreement, in accordance with the provisions of 24 CFR Part 85, Subpart C Financial Administration, and the U. S. Office of Management and Budget

Circular A-87. These records shall contain information pertaining to authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

8.6 Reversion of Assets.

Upon completion of the Project, the Borrower shall transfer to the Lender any unexpended CDBG funds provided under this Agreement and on hand at the time of termination and any accounts receivable attributable to the use of CDBG funds provided under this Agreement. Borrower agrees that infrastructure and White Center food bank facilities constructed with CDBG funds will be used in accordance with the CDBG national objectives in 24 CFR 570.208 until at least fifteen years after the date of Project completion, or borrower will pay to lender additional funds if any calculated as follows: the current fair market value of the property less any portion attributable to expenditures of non-CDBG funds, and less any principal payments made pursuant to this Agreement. When Borrower transfers ownership of the White Center Food Bank building to the White Center Food Bank, Borrower shall incorporate this requirement in the transfer documents and provide King County a copy of such agreements.

8.7 Suspension or Termination for Convenience.

In accordance with 24 CFR Part 85.44, this Agreement may be terminated by the Lender, in whole or in part, for convenience. If Borrower materially fails to comply with the terms of this Agreement, Lender may suspend this Agreement in accordance with 24 CFR Part 85.43.

ARTICLE IX

MISCELLANEOUS

9.1 No Waiver. No waiver of any default or breach by Borrower hereunder shall be implied from any failure by Lender to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and 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 Lender to, or of, any act by Borrower 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.

9.2 Successors and Assigns. This Agreement is made and entered into for the sole protection and benefit of Lender and Borrower, 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 Borrower's interest hereunder cannot be assigned or otherwise transferred without the prior consent of Lender.

- 9.3 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service or registered or certified, first class mail, return receipt requested. The addresses may be changed by notice to the other party given in the same manner as provided above. If notice is given by mail, it shall be deemed received on the earlier of: (i) receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Borrower: King County Housing Authority
600 Andover Park West
Seattle, WA 98188

Attn: Deborah Gooden, Greenbridge General Manager

If to Lender: Office of Business Relations and Economic Development
Bank of America Tower, Suite 2000
MSBOA-EX-2000
701 Fifth Avenue
Seattle, Washington 98104

Attn: Manager, Economic Development Program

and

King County Housing and Community
Development Program
Community Services Division
Exchange Building
821 Second Avenue, Suite 500
Seattle, WA 98104-1598
Attn: Director

- 9.4 Time. Time is of the essence hereof.
- 9.5 Amendments. 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 Lender and Borrower.
- 9.6 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.

- 9.7 Number and Gender. When the context in which the words are used in this Agreement indicate 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.
- 9.8 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.
- 9.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the County of King, except to the extent federal law applies.
- 9.10 Survival of Warranties. All agreements, representations and warranties made herein 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 Borrower hereunder and the indebtedness evidenced by the Promissory Note have been fully paid and satisfied.
- 9.11 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.
- 9.12 Attorneys' 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 attorneys' fees as determined by the court.
- 9.13 Conflict of Interest. No member, official or employee of Lender shall have any personal interest, direct or indirect, in the subject matter of this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is interested, whether directly or indirectly.
- 9.14 Duplicate Originals. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original, provided, that each original shall constitute one and the same agreement.
- 9.15 Assignment or Transfer of Interest; Successors. Borrower shall not assign its rights or obligations under this Agreement, without the express written agreement of Lender. Lender's grant of consent to such assignment shall not waive its right to consent to future assignments. Subject to the restriction in the previous sentence, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9.16 Audit Requirements.

- (a) Borrower shall comply, at its own expense, with all applicable requirements under the federal Single Audit Act Amendments of 1996 and regulations now or hereafter adopted thereunder, including without limitation federal OMB Circular A-133. The audit shall comply with the requirements of generally accepted auditing standards "GAAS"; GAO's Standards for Audits of Governmental Organizations, Programs, Activities, and Functions; and OMB Circular A-133, as amended, and as applicable.
- (b) Each audit report shall include at a minimum:
 - 1. An opinion on financial statements and a schedule of financial assistance; and
 - 2. A report on a supplemental schedule showing the balances of each account maintained for the Funds and the cash deposited and disbursed therefrom, and the Loans outstanding made from each such account;
 - 3. A report on the study and evaluation of the organization's internal control structure.
- (c) Additional audit or review requirements which may be imposed on Lender by HUD will be passed on to Borrower and Borrower will be required to comply with any such requirements.

9.17 Conflict of Interest; Consultants.

- (a) No officer, agent, employee, consultant or elected or appointed official of Lender or of any sub-recipient receiving CDBG funds (as defined in 24 CFR Parts 92 and 570, respectively) 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, for himself or herself or those with whom he or she has family or business ties, in the activity funded under this Agreement or in any contract or subcontract or agreement with respect thereto or the proceeds thereof; nor shall (s)he for one year after completion of his or her tenure with Lender or such sub-recipient obtain any such financial interest or benefit. KCHA shall incorporate in all such contracts or subcontracts a provision prohibiting any such interest.
- (b) In the procurement of supplies, equipment, construction or rehabilitation and services, KCHA shall ensure compliance with the provisions of 24 CFR Section 84.42 KCHA shall incorporate in all contracts or subcontracts using CDBG Funds a provision prohibiting any conflict of interest prohibited by this subsection.
- (c) No Loan Proceeds may be used to pay or to provide reimbursement for payment of the

salary of a consultant at more than the daily equivalent of the rate paid for level IV of the federal Executive Schedule, unless specifically authorized by law.

9.18 Lender's Recycled Product Procurement Policy

- (a) Borrower shall use recycled paper for the production of all printed and photocopied documents related to the fulfillment of this Agreement and shall ensure that, whenever possible, the cover page of each document printed on recycled paper bears an imprint identifying it as recycled paper.
- (b) If the cost of recycled paper is more than 15% higher than the cost of non- recycled paper, Borrower may notify the Agreement Administrator, who may waive the recycled paper requirement. Borrower shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical in the fulfillment of this Agreement.
- (c) Borrower shall use recycled paper for the production of all printed and photocopied documents related to the fulfillment of this Agreement and shall ensure that, whenever possible, the cover page of each document printed on recycled paper bears an imprint identifying it as recycled paper.
- (d) If the cost of recycled paper is more than 15% higher than the cost of non- recycled paper, Borrower may notify the Agreement Administrator, who may waive the recycled paper requirement. Borrower shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical in the fulfillment of this Agreement.

9.19 Duration of Agreement. Except as otherwise provided in this agreement, the terms of this Agreement shall be in effect from the date of execution until September 30, 2010 unless extended to a later date or terminated earlier, pursuant to the terms and conditions of the Agreement.

9.20 Environmental Justice. Borrower shall comply with Executive Order 12898 requiring identification and mitigation, as appropriate, of disproportionately high and adverse human health or environmental impacts of programs, policies and activities on minority and/or low-income populations.

9.21 Borrower Agreement to Repay. Borrower agrees that it is financially responsible for and will repay Lender all indicated amounts following a HUD audit exception related to the Project which occurs due to the negligence, intentional act, and/or failure, for any reason, to comply with the terms of this Agreement by Borrower its officers, employees, agents, and/or representatives. This duty to repay Lender shall survive the termination of this Agreement and the repayment or forgiveness of the Loan.

9.22 Construction. This agreement has been reviewed and revised by legal counsel for both parties, and no presumption or rule that ambiguity shall be construed against the party drafting the document shall apply to the interpretation or enforcement of this agreement.

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

LENDER

BORROWER

KING COUNTY, a Washington
municipal corporation

HOUSING AUTHORITY OF THE
COUNTY OF KING, a Washington public
body corporate and politic

By:

Ray Moser,

Its: Economic Development Manager for
King County Office of Business Relations
Economic Development

By:

Stephen J. Norman

Its: Executive Director

Approved as to form:

Attest:

Norm Maleng, King County
Prosecuting Attorney

Its: _____

By:

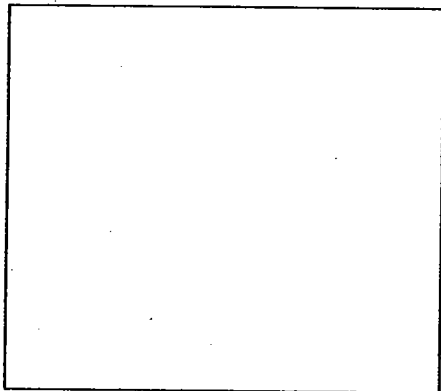
Sr. Deputy Prosecuting Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that the persons appearing before me and making this acknowledgment are the persons whose true signatures appear on this document.

On this _____ day of _____, 2004, before me personally appeared _____ and _____, to me known to be the _____ and _____, respectively, of THE HOUSING AUTHORITY OF THE COUNTY OF KING, the public body corporate and politic that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said municipal corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.



(Use This Space for Notarial Seal Stamp)

Notary Public in and for the State of Washington,
residing at _____
My commission expires: _____

[Type or Print Notary Name]

Exhibit A
Description of Greenbridge Projects
to be Funded by the King County
HUD Section 108 Guaranteed Loan

This document describes the projects and cost categories to be funded by the King County HUD Section 108 Guaranteed Loan ("108 Loan") in the overall amount of \$6.75 million to the King County Housing Authority ("KCHA") for the Greenbridge HOPE VI redevelopment of Park Lake Homes I.

Purpose of County Funding: The projects and costs funded by the County through this loan are designed to achieve two objectives for the KCHA Greenbridge project:

1. They comprise an important \$6.75 million component of overall project permanent financing, estimated to total \$165 million.
2. County funds are a critically important financing source to the Greenbridge project to assist in meeting significant site clearance and infrastructure development costs that occur before the availability of many of the other permanent financing sources associated with the construction of rental housing and the sale of homeownership lots. The County's \$6.75 million, combined with a portion of the \$35 million grant from the HUD HOPE VI program, are the only significant grant funding sources to help pay for approximately \$37 million in site development costs.

PROJECT LISTINGS AND COST ESTIMATES

Projects for King County Section 108 Loan expenditures are grouped by major project activity eligible for expenditure of Section 108 loan proceeds, which include parks, roads, surface water management, and a food bank project. The list does not represent all projects at Greenbridge. Actual total costs of the overall project may vary from current estimates, but Section 108 expenditures for each major activity group, e.g. Roads, Surface Water Management, Parks, and Food Bank activity are fixed; and the amounts to be charged to each County repayment source for the Section 108 Loan are also fixed.

Parks Projects:

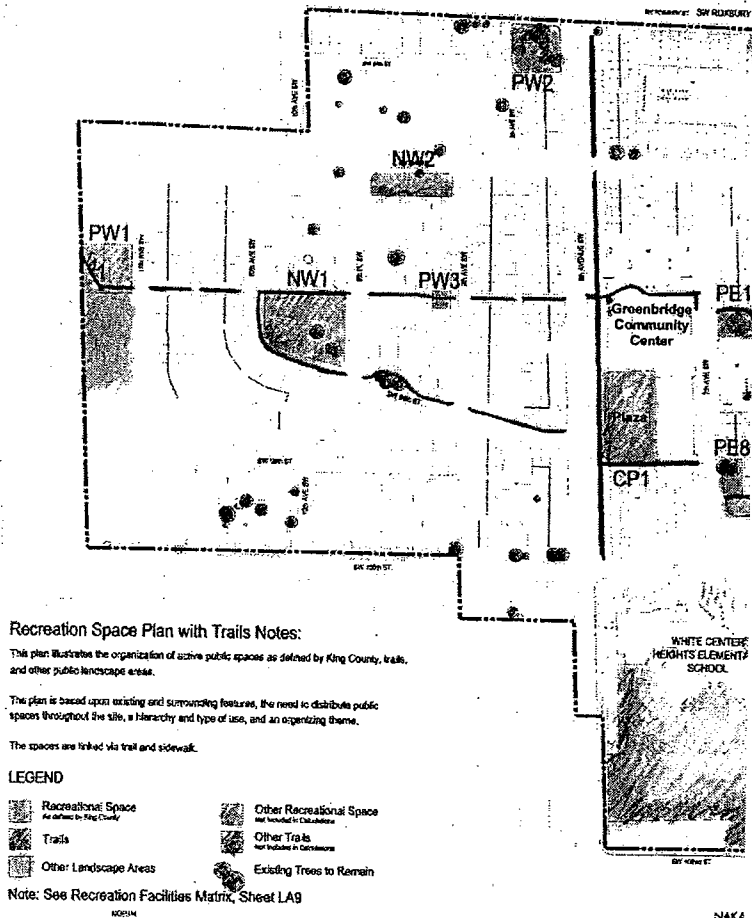
Overall Parks Projects Budget: \$5,435,211
108 Loan Expenditure of Total Budget: \$ 752,037
108 Repayment Source: Parks Department, REET funds
Estimated dates of expenditure: 2004 through 2006
Eligible Costs for 108 Loan Expenditures: Design and engineering, demolition, construction, parks infrastructure, park furniture, play equipment, landscaping in any of the eligible parks listed below, and construction management.

	NW1	NW2	PW2	PLAZA	Center	TOTAL
Art, Architecture & Eng.	\$32,395	\$11,415	\$14,112	\$60,340	\$338,368	\$456,629
Demolition	\$69,728	\$24,570	\$30,374	\$60,818		\$185,490
Construction	\$452,509	\$203,662	\$377,846	\$693,874	\$3,065,202	\$4,793,092
	\$554,632	\$239,647	\$422,331	\$815,031	\$3,403,570	\$5,435,211

Project Description:

The Greenbridge Master Plan calls for a well-coordinated parks and trails system (Map 1 and more) that associates parks with neighborhood residential development as well as with the community heart at 8th Ave. SW where the Community Center, and Plaza are located, and with off-site trails and natural areas to the east and west. The Greenbridge development team includes five artists who will be designing art for the parks described herein. Parks also include play structures, pea patch gardens, and other amenities. Shown below is the parks plan that corresponds to the table above and the individual project descriptions that follow Map 1.

**Map 1
Phase 1
Park System**



Individual Park Projects Eligible for Section 108 Loan Proceeds Expenditures Up to a Total of \$752,037

Section 108 Loan proceeds may be spent on any or all of the following projects all located at Greenbridge:

Project Title: Parcel W6 Community Park – (Project NW1)
Estimated Project Budget: \$554,632
Project Timeline: 2005-2006

This community park is located in the southern half of parcel W6, bordered by 10th Place NW on the west, SW 99th Street on the south, and 9th Place SW on the east. The park is planned to include 17 pea patch garden plots, 4 picnic tables, five park benches, two play structures, a central art installation, the east-west trail and more.

Project Title: Parcel W9 Pocket Park – (Project NW2)
Estimated Project Budget: \$239,647
Project Timeline: 2005-2006

This pocket park is located on the north end of parcel W9 and is bordered by SW 97th St. on the north, 9th Place SW on the west, and 9th Ave. SW on the east. This park is planned to include two play elements and a rotating play structure, three game tables, and a hard surface play area with an artistic theme.

Project Title: Entry Park – (Project PW2)
Estimated Project Budget: \$422,331
Project Timeline: 2005-2006

The entry park is located at the northeast corner of parcel W7 on the southwest corner of the intersection of SW Roxbury Street and 8th Ave. SW. The park includes a concrete gathering terrace leading to a grass lawn and is surrounded by significant retained trees.

Project Title: Plaza
Estimated Project Budget: \$815,031
Project Timeline: 2005-2006

The plaza is a 22,790 sq. ft. community gathering place next to the Greenbridge Community Center, adjacent to the project's main street 8th Ave. SW and surrounded on the east and south by residential and mixed-use buildings. The Plaza is the center point of the trail system and incorporates public art. It lies over surface water management vault CV3.

Project Title: Greenbridge Community Center
Estimated Project Budget: \$3,403,570
Project Timeline: 2004-2006

The Greenbridge Community Center project involves the rehabilitation of the Jim Wiley Community Center, a 22,558 sq. ft. indoor facility incorporating a large gymnasium, community-meeting rooms, classrooms, youth play areas, and non-profit organization offices. The Community Center will house the Boys & Girls Club, Neighborhood House social services, and other community support facilities. Rehabilitation includes extensive reconfiguration of interior spaces, HVAC system upgrades, new entry and pedestrian ways, and extensive façade improvements that correspond to exterior trails, pathways, and the adjacent plaza.

Roads Projects

<i>Project Title:</i>	Greenbridge Phase 1 Roads
<i>Overall Roads Project Budget:</i>	\$6,960,369 ¹
<i>108 Loan Expenditure of Total Budget:</i>	\$4,945,926
<i>108 Repayment Sources & Amounts</i>	
1. Roads Department	\$2,106,109
2. Community Development Block Grant	\$1,500,000
3. CX funds via King County Housing Opportunity Fund	<u>\$1,339,817</u>
	Total \$4,945,926

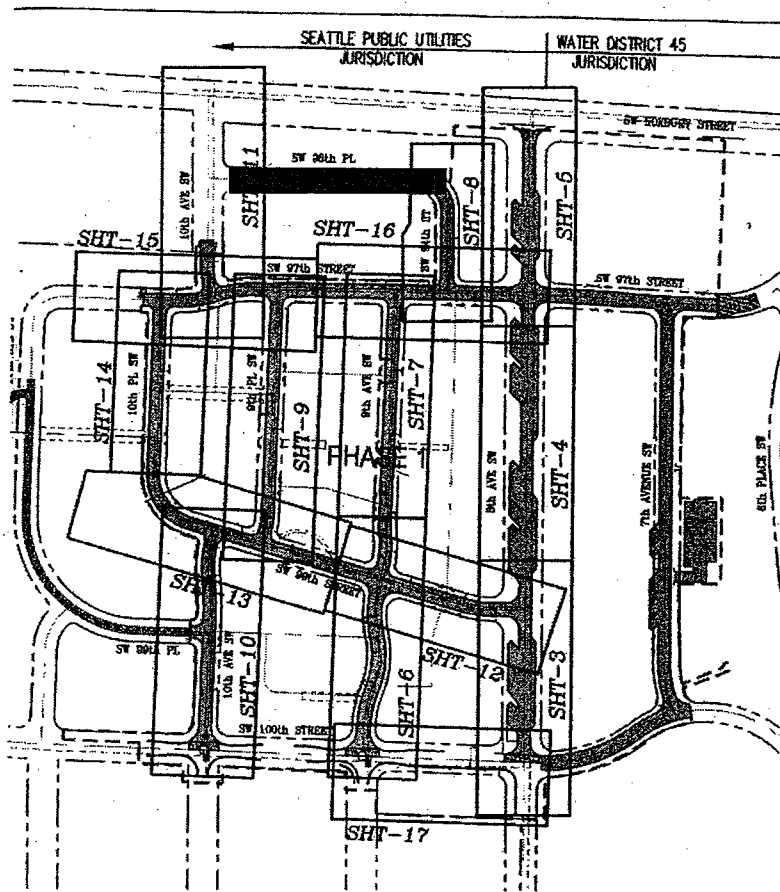
Project Timeline: 2005

Eligible Costs for 108 Loan Expenditures:

Permits, design, demolition, grading, paving, curbs, gutters, sidewalks, street lighting, signalization, storm drainage including water quality treatment ponds for road run-off, street landscaping, and construction management. Ineligible costs for roads expenditures will be the costs for installing water and sanitary sewer. Loan proceeds repaid from County Roads Department funds shall be used only for storm drainage facilities installed within the public road right-of-way and not for water quality treatment ponds. Loan proceeds repaid from County CX and Community Development Block Grant sources may be expended for water quality treatment ponds treating road run-off.

Project Description:

Greenbridge is a 97-acre redevelopment of an existing subdivision into a mixed income community in the White Center area of unincorporated King County. All roads within the development have been vacated and will be replaced or rebuilt within the new plat. Road construction will require design, permitting, demolition of existing roadways and structures within new right of way areas, rough and fine grading, paving, installation of curbs, gutters and sidewalks, lighting, street signalization, and street landscaping. Approximately 8,764 linear feet of roadway will be built in the project's first phase located on the west side of the new community. (Map 2)



Map 2

Eligible Road Segments:

- 7th Ave. SW between SW 97th St. & SW 100th Sts. Including parking area east of 7th Ave. SW
- 8th Ave. SW between SW Roxbury St. & SW 100th St., plus intersection improvements at SW Roxbury.
- 9th Ave. SW between SW 96th & SW 100th Sts.
- 9th Pl. SW between SW 97th & SW 99th Sts.
- 10th Ave. SW between SW 99th & SW 100th Sts., plus a small stub north of SW 97th St.
- 10th Pl. SW between SW 97th & SW 99th Sts.
- SW 97th St. between 9th Ave. SW & 10th Ave. SW
- SW 97th St. between 6th Pl. SW & 10th Pl. SW
- SW 99th St. between 8th Ave. SW & 10th Pl. SW
- SW 100th St. between 7th Ave. SW & 8th Ave. SW, plus intersection improvements on SW 100th at 8th Ave. SW, 9th Ave. SW, and 10th Ave. SW.

Surface Water Management Projects:

Overall Project Budget:	\$2,153,869
108 Loan Expenditure of Total Budget:	\$ 552,037
108 Repayment Source:	Department of Natural Resources
Estimated date of expenditure:	2005

Eligible Costs for 108 Loan Expenditures: Design and engineering, demolition, construction, and construction management of the four projects listed below. Not included in eligible costs are temporary, construction-related detention facilities such as the detention pond east of 8th Ave. SW and north of SW 100th St.

Overall Project Description:

Greenbridge's BuiltGreen project design models state-of-the-art land development and infill design that improves water quality and flows leaving the site. Through code variances, street widths have been reduced and, with those changes, total impermeable surface. Surface water runoff has been divided with a green pipe system to allow for more efficient water quality treatment of dirtier road water runoff as opposed to clean water leaving roof and other surfaces.

Phase 1 Greenbridge development will install a permanent water quality detention pond on the project's western border, a temporary detention pond next to 8th Ave. SW, which is then replaced by a water quality vault under the 8th Avenue SW plaza, and green pipes under the roadway system. Most of Phase 1 is in the Mallard Lake and Lake Garrett Basins. At the conclusion of the project, water from the 8th Ave. plaza vault, hereinafter referred to as the CV3 Vault will be diverted to the Duwamish River Basin in which most of the eastern project is located. A third water quality detention pond will be built on the

east side of the development in 2006. This facility primarily serves the Duwamish drainage basin.

Individual Surface Water Management Projects Eligible for Section 108 Loan proceeds expenditures:

Project Title: Green Pipes
Overall Project Budget: \$619,827
Project Timeline: 2005

Both the Western Water Quality Pond and the CV3 Vault treat the relatively dirtier road surface runoff of Phase 1. Clean runoff, such as roof water, flows through a separate system of green pipes installed under the roads and joins the treated road surface water downstream of the vaults. In this manner, the vault can be designed to do a better job of treating the dirtiest water, resulting in higher quality water leaving the site.

Project Title: Western Pond
Overall Project Budget: \$452,316
Project Timeline: 2005

The Western Pond borders 11th Ave. SW to the west between SW 97th and 99th streets. The pond includes a designed live detention storage volume of .27 acre feet and a water quality designed dead storage area of .80 acre feet. The pond drains into the Mallard Lake Basin.

Individual Surface Water Management Projects, cont.

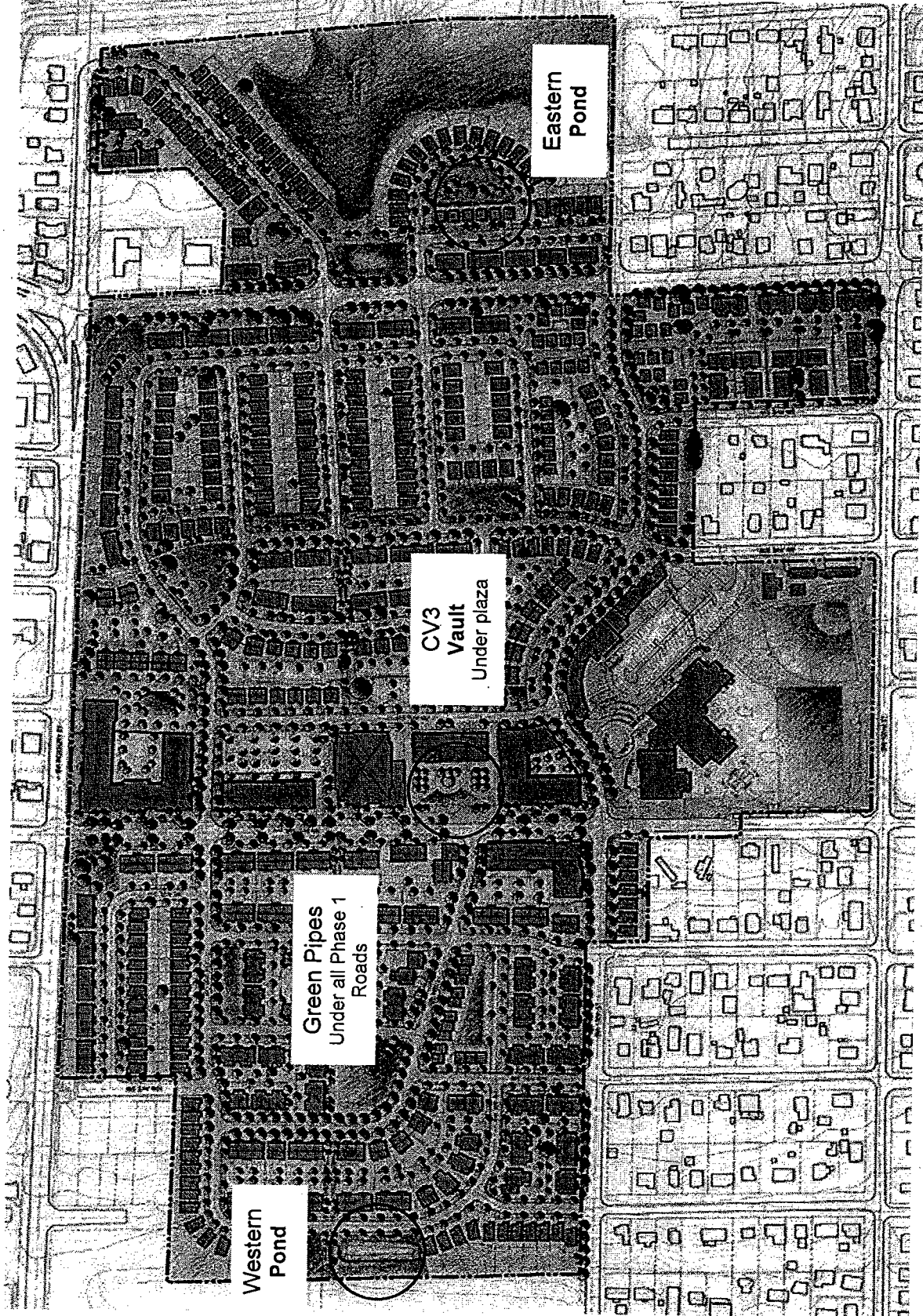
Project Title: CV3 Vault
Overall Project Budget: \$942,487
Project Timeline: 2005

The CV3 Vault lies under the 8th Ave. SW Plaza near the intersection with SW 99th St. The vault contains a designed dead storage area of .97 acre feet. Though located naturally in the Lake Garrett Basin, water from the vault will be diverted down a greenway, to be constructed in Phase 2, into the Duwamish River Basin.

Project Title: Eastern Pond
Overall Project Budget: \$811,300
Project Timeline: 2005-2006

Design work for the Eastern Pond will be conducted late in 2004 and in 2005. Demolition of the site will occur in 2005. Construction of the pond including outfall, gravel turnaround, and fencing will occur in 2006. The pond will collect outflow from the east and center portions of the site via a large bioswale and will drain into the Duwamish River Basin

Map 3 - Location of Greenbridge Phase 1 Surface Water Management Facilities



Pond designs have changed or will change from those shown here, but general locations remains the same.

White Center Food Bank:

Overall Project Budget: \$763,672
108 Loan Expenditure of Total Budget: \$500,000
108 Repayment Source: King County Community Development
Block Grant
Estimated date of expenditure: 2005

Eligible Costs for 108 Loan Expenditures: Survey, design, site work, modular structure acquisition and improvements, permit and hookup costs, legal, demolition, and equipment costs. Site work will include minimal grading, 10,000 square feet of new concrete sidewalks, 122 lineal feet of new curb and gutter, a new fire hydrant, and replacement paving for parking and driveways.

Project Description:

The White Center Food Bank alleviates hunger and malnutrition by directly providing food and supplemental nutritional assistance to over 4,400 very low-income individuals per month in an area bounded by Highway 509 on the east, Puget Sound on the west, Myrtle Street on the north, and 140th Street SW on the south. Food items provided include fresh produce, frozen items and non-perishable goods. The food bank also provides home delivery for immobile clients, limited amounts of baby food and infant formula, and special "no-cook" packages of ready-to-eat foods for the homeless. Fifty percent of the food bank's clients live in public housing, fifty percent are under eighteen years of age, and eighty-five percent represent people of color and refugees or immigrants from Southeast Asia, Eastern Europe, and East Africa. The food bank has been in operation since 1975.

This project will establish a new and larger food bank facility six blocks south of its current site in the Park Lake Homes Public Housing Project. The new site will co-locate the food bank with the White Center Public Health Clinic. In the summer of 2005, the old food bank building will be demolished as part of the Greenbridge HOPE VI redevelopment of Park Lake Homes. With growing demand, the food bank has outgrown its current 1,100 sq. ft. building. This project will replace it with a 3,700 sq. ft. modular building that will allow for expanded delivery and storage capacity, indoor client intake, limited office space, and compliance with the Americans with Disabilities Act.

Estimated costs:

Soft costs:	\$155,613
Site work:	\$174,577
Modular building	\$325,170
Utility hook-ups	\$ 29,000
Contingency 15%	<u>\$ 79,312</u>
	\$763,672

EXHIBIT "B"

Promissory Note