

cultivating, caring for, harvesting and cutting trees and the preparation of trees for market are not considered farming); or the operation or rental of residential real property as defined in Section 168(e)(2)(A) of the Internal Revenue Code.

(c) Borrower shall not permit any lessee or sublessee of any property from Borrower to engage in any trade or business that consists of or includes any of the following: the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, or racetrack or other facility used for gambling; the sale of alcoholic beverages; or the operation or rental of residential real property as defined in Section 168(e)(2)(A) of the Internal Revenue Code.

(d) Borrower shall use commercially reasonable efforts to conduct the Timberlands Business such that, with respect to each Taxable Year during the Term, at least fifty percent (50%) of Borrower's total gross income is derived from the Timberlands Business within the Specified Low-Income Community. For purposes of this determination, gross income derived from the sale of logs or cut or standing timber harvested from or growing on land in the Timberlands that is located in the Specified Low-Income Community will be considered derived from the Timberlands Business within the Specified Low-Income Community.

(e) In the event Borrower hires or otherwise has one or more employees, (i) during every Taxable Year in which Borrower has one or more employees, Borrower shall manage all of its employees in a manner that such employees perform services for Borrower during and for such times and in such places that the Services Performed Percentage with respect to each such Taxable Year will be at least forty percent (40%) and (ii) Borrower shall maintain at least one full-time employee unless the Tangible Property Percentage is at least eighty-five percent (85%).

(f) With respect to each Taxable Year during which Borrower has no employees, notwithstanding Borrower's rights under Sections 3.5 and 3.12 hereof, Borrower shall not sell, exchange, transfer, assign, lease, convey or otherwise dispose of any Tangible Property in the Specified Low-Income Community or cease to use any Tangible Property in the Specified Low-Income Community if such sale, exchange, transfer, assignment, lease, conveyance, disposition, or cessation of use (considered alone or together with any other event that resulted in or results in a change in Borrower's Tangible Property) would cause the Tangible Property Percentage with respect to such Taxable Year to be less than eighty-five percent (85%). With respect to each Taxable Year during which Borrower has one or more employees, notwithstanding Borrower's rights under Sections 3.5 and 3.12 hereof, Borrower shall not sell, exchange, transfer, assign, lease, convey or otherwise dispose of any Tangible Property in the Specified Low-Income Community or cease to use any Tangible Property in the Specified Low-Income Community if such sale, exchange, transfer, assignment, lease, conveyance, disposition, or cessation of use (considered alone or together with any other event that resulted in or results in a change in Borrower's Tangible Property) would cause the Tangible Property Percentage with respect to such Taxable Year to be less than fifty percent (50%).

(g) With respect to each Taxable Year during which Borrower has no employees, Borrower shall not purchase, lease or otherwise acquire any Tangible Property if such purchase, lease or acquisition (considered alone or together with any other event that resulted in

or results in a change in Borrower's Tangible Property) would cause the Tangible Property Percentage with respect to such Taxable Year to be less than eighty-five percent (85%). With respect to each Taxable Year during which Borrower has one or more employees, Borrower shall not purchase, lease or otherwise acquire any Tangible Property if such purchase, lease or acquisition (considered alone or together with any other event that resulted in or results in a change in Borrower's Tangible Property) would cause the Tangible Property Percentage with respect to such Taxable Year to be less than fifty percent (50%).

(h) Borrower shall not purchase, lease or otherwise acquire any Collectibles.

(i) Subject to the limitation on Borrower's right to make distributions under Section 3.10 hereof, Borrower shall not purchase, acquire or allow the accumulation or build-up of Nonqualified Financial Property or sell, exchange, transfer, assign, lease, convey or otherwise dispose of any Property other than Nonqualified Financial Property if such purchase, acquisition, accumulation, or build-up or such sale, exchange, transfer, assignment, lease, conveyance, or disposition (considered alone or together with any other event that resulted in or results in a change in Borrower's Property) would cause five percent (5%) or more of the average of the aggregate Basis of all of Borrower's Property to be attributable to Nonqualified Financial Property with respect to any Taxable Year.

(j) Borrower shall not willfully and knowingly fail to qualify as a QALICB or take any action that Borrower expects or has actual knowledge would cause or result in the recapture of Tax Credits with respect to a member of any Lender.

(k) Borrower shall not use, directly or indirectly, low-income housing tax credits under Section 42 of the Internal Revenue Code.

(l) Borrower shall deliver as soon as practicable all such reports or information requested by Lenders as shall be reasonably necessary for Lenders to satisfy their reporting, compliance and monitoring, and information collection requirements to the Community Development Financial Institutions Fund of the United States Department of Treasury.

### **3.26 [RESERVED]**

**3.27 Further Assurances.** Each Credit Party agrees that it shall, at such Credit Party's expense and upon the request of Lenders, duly execute and deliver, or cause to be duly executed and delivered to Lenders such further instruments and do and cause to be done such further acts as may be necessary or proper in the opinion of Lenders to carry out more effectively the provisions and purposes of this Agreement and the other Financing Documents. Notwithstanding anything to the foregoing, any blocked account or account control agreements which may be required by Lenders prior to an Event of Default pursuant to this Section 3.27 to perfect the security interest of Lenders in the deposit or securities accounts of Borrower shall permit the financial institution party thereto to comply with the instructions of Borrower with respect to such deposit or securities account until such time as Lenders deliver a notice of exclusive control to such financial institution requiring it to cease complying with the instructions of Borrower with respect to such deposit or securities account. Any such notice of exclusive control shall be

sent by Lenders at their option only upon the occurrence and during the continuance of an Event of Default hereunder.

## ARTICLE 4. CONDITIONS PRECEDENT

Notwithstanding any other provision of this Agreement or any other Financing Documents, and without affecting in any manner the rights of Lenders under the other sections of this Agreement, it is understood and agreed that Lenders' obligation to fund the Loans is subject to fulfillment of the terms and conditions of the Terms and Conditions Letter and that Lenders shall have no obligation to fund the Loans if any Default or Event of Default shall exist at such time and unless and until the following conditions have been satisfied, all in form and substance satisfactory to Lender Parties and their special counsel:

**4.1     Documentation.** Lenders shall have received the following documents, each to be in form and substance satisfactory to Lender Parties:

- (a) the original Notes, duly executed by Borrower;
- (b) multiple original counterparts of each of the Security Documents, with evidence that the Security Documents intended to be recorded have been duly recorded, or that arrangements satisfactory to Lender Parties have been made for such recordation, in each Office where such recording is necessary;
- (c) the Tax Indemnity Agreement;
- (d) any certificates of estoppel that may be required by Lender Parties;
- (e) multiple original counterparts of the Environmental Indemnity Agreement executed by Borrower;
- (f) such UCC financing statements as may be required by Lender Parties;
- (g) original written opinions of counsel, in form and substance satisfactory to Lender Parties, as to the transactions contemplated by this Agreement, including, without limitation, the enforceability of the Financing Documents executed by the Credit Parties;
- (h) (i) copies of all filing receipts or acknowledgments issued by any Governmental Authority to evidence any filing or recordation necessary to perfect the Liens of Lenders in the Collateral and evidence in a form acceptable to Lender Parties that such Liens constitute valid and perfected first priority Liens, and (ii) delivery to Lenders of all Collateral in which a Lien may be perfected by possession;
- (i) certificate of a Responsible Officer of Borrower, dated as of the Closing Date, certifying (i) that attached thereto is a true and complete copy of the certificate or articles of incorporation, by-laws and all other organizational documents of Borrower, as amended to the

date of such certification; (ii) that attached thereto are true and complete copies of consents executed and delivered by the manager(s) or director(s) of Borrower authorizing the execution, delivery and performance of this Agreement and the other Financing Documents to which Borrower is a party; (iii) as to the incumbency and genuineness of the signature of each officer of Borrower executing this Agreement or any of the other Financing Documents to which Borrower is a party; and (iv) stating that Borrower is in compliance with all the terms and provisions set forth in this Agreement;

(j) certificate of a Responsible Officer of Borrower dated as of the Closing Date, certifying as to the solvency of Borrower;

(k) a copy of Borrower's certificate of formation, and all amendments thereto, certified by the appropriate official of its jurisdiction of formation or certificate or articles of incorporation;

(l) good standing certificates (or the equivalent) for Borrower, issued by the appropriate official of its jurisdiction of formation and each jurisdiction where the conduct of Borrower's business activities or the ownership of its Properties necessitates qualification;

(m) with respect to the Mortgages, the Title Policy, in form and substance satisfactory to Lender Parties, with such endorsements as Lender Parties may require, insuring the validity and first priority of the Liens of the Mortgages, subject only to such exceptions to and exclusions from coverage as may be acceptable to Lender Parties; in addition, Lenders shall have received copies of all instruments and other matters affecting title to the Property encumbered by the Mortgages to the extent shown as exceptions to coverage under the Title Policy; the Title Policy shall contain a blanket release clause stating that the release of any portion of the mortgaged premises from the lien and encumbrance of the Mortgages shall not reduce the amount of insurance provided under the policy and no written consent from the insurer shall be required. In addition, ingress and egress to the Timberlands shall be by public road or deeded right of way easement included as part of the mortgaged property and insured under the Title Policy; and all premiums, charges, fees, costs and expenses of the Title Company relating to the Title Policy shall have been paid in full;

(n) true and correct copies of the duly executed and delivered Green Crow Forest Management Agreement with respect to the Timberlands;

(o) multiple original counterparts of this Agreement, duly executed by all parties;

(p) a favorable opinion of McKee Nelson LLP with respect to certain tax matters (including the status of Borrower as a QALICB) in favor of Investor Members, in form and substance satisfactory to Investor Members (the "**Tax Opinion**");

(q) a full appraisal report of Atterbury in form and substance satisfactory to Lenders, which appraisal shall indicate a fair market value for the Timberlands and an estimate for future Cash Flow from the Timberlands;

- (r) a preliminary management plan for calendar year 2006;
- (s) an executed copy of the Green Crow Forest Management Agreement;
- (t) receipt of an Environmental Report in form and substance satisfactory to Lender Parties; and Lenders shall have further received such environmental review and audit reports, with respect to Timberlands as Lenders shall have requested, and Lender Parties shall be satisfied, in their sole discretion, with the contents of all such environmental reports. Lenders shall have received letters executed by the environmental firms preparing such environmental reports, in form and substance satisfactory to Lender Parties, authorizing Lenders to rely on such reports;
- (u) receipt of the Financial Statements;
- (v) all conditions precedent to the consummation of the Timberlands Assignments shall have been fulfilled (other than the payment of the consideration therefor to the financed by the proceeds of the Loans), and the Lenders shall have received a fully executed copy of the Purchase Agreement and the documents evidencing the Timberlands Assignments, together with any and all amendments and a collateral assignment of the rights of Borrower thereunder and with respect to the Timberlands Assignments; and
- (w) such other documents, instruments and agreements as are required by the Terms and Conditions Letter or as Lender Parties shall request in connection with the foregoing matters, including, without limitation, updates, revisions or supplements to previously delivered information or documents where necessary to make such previously delivered information or documents true, complete and accurate.

**4.2 Other Conditions.** The following conditions shall have been and at Closing shall continue to be satisfied, to the satisfaction of Lender Parties:

- (a) No action, proceeding, investigation, regulation or legislation shall have been instituted, proposed or threatened in writing before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of this Agreement or the consummation of the transactions contemplated hereby, or which is related to or arises out of this Agreement or the consummation of the transactions contemplated hereby, and which, in Lender Parties' sole discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement;
- (b) Each Credit Party shall have good and marketable title to the Collateral it purports to own, subject to no Liens other than Permitted Liens, and each Credit Party shall have full power and authority to assign, lease, transfer, pledge and mortgage the Collateral;
- (c) The warranties and representations of each Credit Party contained herein and in the other Financing Documents shall be true and correct;
- (d) Since September 20, 2005, there shall have been no material adverse change in the Timberlands;

(e) All proceedings taken in connection with the Loans and the other transactions contemplated hereby and by the other Financing Documents and all documents and papers relating thereto shall be satisfactory to Lender Parties and their special counsel. Lender Parties and their special counsel shall have received copies of such documents and papers as they may request in connection therewith, all in form and substance satisfactory to Lender Parties and their special counsel;

(f) Completion by Lender Parties and their special counsel of business, environmental, tax and legal due diligence, including, but not limited to confirmation of acreage, timber inventories, projected harvest levels, current and projected timber prices, market for timber, biological and other natural risks, with results satisfactory to Lender Parties;

(g) Evidence satisfactory to Lender Parties of the terms and conditions (which terms and conditions shall be acceptable to Lender Parties) of any management agreement or arrangements by and between each of (i) BCC NMTC CDE IV, BMA and BCC and (ii) RDP 3, Rural Development Partners and Rural Development Associates;

(h) The capital structure of each Credit Party and the terms and conditions of all Debt of each Credit Party as of the Closing Date shall be acceptable to Lender Parties in their sole discretion; and

(i) Evidence satisfactory to Lenders of payment of all current real property taxes owed by any Credit Party.

**4.3 Merger.** The requirements set forth in this Article 4 shall be merged in and deemed satisfied upon funding of the Loans. The Terms and Conditions Letter shall apply to the performance of the parties at the Closing but shall not survive the consummation of the Closing.

**4.4 Lenders' Representation.** Each of the Lenders hereby represents, on a several and not joint basis, that as of the Closing Date, it is not aware of any information or does not otherwise have reason to believe that it is not a community development entity or that Borrower is not a QALICB.

## ARTICLE 5.

### EVENTS OF DEFAULT; RIGHTS AND REMEDIES ON DEFAULT

**5.1 Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) (i) failure of Borrower to make any payment of principal or Make-Whole Amount under this Agreement or any of the other Financing Documents when due or (ii) failure of Borrower to make any payment of interest under this Agreement or any of the other Financing Documents within two (2) days after the due date thereof;

(b) any warranty, representation, certificate, schedule or other statement or information made or furnished to Lenders in writing by or on behalf of any Credit Party herein, in

any other Financing Document or in any instrument delivered in connection with the Loans was false or misleading in any material respect when made;

(c) any Credit Party fails to perform, keep or observe any other term, provision, condition or covenant contained in Sections 3.1, 3.2(d) and (e), 3.3 through 3.11, 3.12(a) and (c), 3.13 through 3.15, 3.23 through 3.25 hereof;

(d) any Credit Party fails to perform, keep or observe any other term, provision, condition or covenant contained in Section 3.16 hereof, and the same is not remedied or cured within ten (10) days after delivery by Lenders of written notice of such failure to a Responsible Officer of Borrower;

(e) any Credit Party fails to perform, keep or observe any other term, provision, condition or covenant contained in this Agreement or any other Financing Document (other than those referred to in any of the other paragraphs of this Section 5.1) and the same is not remedied or cured within thirty (30) days after such failure;

(f) any Credit Party (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its Property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes action for the purpose of any of the foregoing;

(g) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by any Credit Party, a custodian, receiver, trustee or other officer with similar powers with respect to such Credit Party or with respect to any substantial part of the property of such Credit Party, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of such Credit Party, or any such petition shall be filed against any Credit Party and such petition shall not be dismissed within sixty (60) days;

(h) there shall occur any loss or casualty to, or condemnation or expropriation of, all or any material portion of the Collateral; in either case as a result thereof, an LTV Shortfall Amount (or additional LTV Shortfall Amount) (applying the test set forth in the first sentence of Section 3.11(a) as if the date of loss, casualty, condemnation or expropriation were a Test Date) is created;

(i) except for Permitted Liens and any lien that any Credit Party is contesting in accordance with Section 3.1 hereof, a notice of Lien, levy or assessment is filed of record with respect to all or any material portion of the Collateral by any Governmental Authority, including, without limitation, the Pension Benefit Guaranty Corporation, or if any taxes or debts owing at any time or times hereafter to any one of them becomes a lien or encumbrance upon the

Collateral and the same is not released or bonded off within sixty (60) days (provided that no foreclosure proceeding has been filed with respect to such Lien, levy or assessment) after such Credit Party receives notice of the same becoming a lien or encumbrance or, in the case of ad valorem taxes, prior to the last date when payment may be made without penalty;

- (j) a Letter of Credit Default occurs;
- (k) a Change of Control occurs; or
- (l) a material default has occurred under any Logging Agreement or stumpage contract, and the same is not remedied or cured within thirty (30) days after delivery by Lenders of written notice of such default to a Responsible Officer of Borrower.

**5.2 Acceleration of the Obligations.** Upon the occurrence of an Event of Default described in subparagraph (f) or (g) of Section 5.1 hereof, all of the Obligations shall automatically become due and payable without notice or demand by Lenders, and Borrower will forthwith pay to Lenders, in addition to any and all other Obligations due or to become due, the entire principal of and interest and Make-Whole Amount due on the Notes. If any other Event of Default shall have occurred and be then in existence, Lenders may declare, in a notice provided to Borrower pursuant to Section 6.9 hereof, the Obligations to be due and payable, and, in such event, Borrower will forthwith pay to Lenders, without further notice or demand by Lenders, the Obligations, including the entire principal of and interest and Make-Whole Amount due on the Notes.

**5.3 Remedies.** Upon the occurrence and during the continuation of an Event of Default, Lenders (acting together and not individually) shall have all of the following rights and remedies:

(a) Lenders, to the extent permitted by law and without regard to the value, adequacy and occupancy of all or any part of the Collateral, or any interests therein, subject to notice and a hearing may, if Lenders so elect, appoint a receiver or other similar official to: (1) enter upon and take possession of any and all of the Collateral and any interests therein; (2) preserve, protect, manage and control the Collateral or those parts or interests over which it takes possession; and (3) collect all rents, income, proceeds and other benefits thereof and apply the same as provided herein or as the court which appointed such receiver or other similar official may direct. The costs and expenses, including receiver's fees, attorneys' fees and agent's compensation, incurred pursuant to the powers herein contained shall be deemed an obligation of Borrower owing to Lenders under this Agreement and the same shall be secured by Lenders' lien and security interest in the Collateral and shall be payable upon demand with interest from the date of demand at the highest contract rate under the Notes.

(b) all other rights and remedies available hereunder or under the other Financing Documents, or at law or in equity.

**5.4 Remedies Cumulative.** The failure or delay of Lenders to exercise or enforce any rights, Liens, powers or remedies hereunder or under any of the aforesaid agreements or other documents or security or collateral for the Loans shall not operate as a waiver of such Liens,

rights, powers and remedies, but all such Liens, rights, powers and remedies shall continue in full force and effect until all of the Obligations shall have been fully satisfied, and all Liens, rights, powers and remedies herein provided for are cumulative and none is exclusive. Further, once Lenders have exercised any of their rights or remedies hereunder, or under the Financing Documents, during the existence of an Event of Default, all actions theretofore or thereafter taken by Lenders in pursuit of such rights and remedies shall not be affected by any purported cure of such Event of Default, unless Lenders shall have specifically waived such Event of Default in writing, in which case, the parties shall be restored to their position which existed prior to Lenders' exercise of their respective rights or remedies.

## ARTICLE 6. MISCELLANEOUS

### 6.1 Termination; Reinstatement.

(a) This Agreement shall terminate on the Termination Date; provided that the provisions of Sections 6.2, 6.15, 7.12 and 7.13 shall survive such termination.

(b) This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(c) Notwithstanding anything in this Agreement or any other Financing Document to the contrary, if (i) on or prior to the date that is sixty (60) days before the Maturity Date (but at least thirty (30) days before the Maturity Date) or (ii) any time within thirty (30) days after the date that Lenders receive written notice from Borrower that Borrower intends by a date certain (earlier than the Maturity Date), which shall be no earlier than thirty (30) days thereafter, to pay or cause to be paid all outstanding Obligations (and then actually so pays or causes to be paid all outstanding Obligations by such date (such date, the "**Pay-out Date**"), as a condition to Borrower's rights under this Section), Lenders reasonably determine (after consultation with the Investor Members' tax counsel, who for purposes of this Section 6.1 shall be an independent law firm that is nationally recognized in the practice of federal income taxation, the parties hereto hereby agreeing that McKee Nelson LLP constitutes such an independent law firm (such law firm, "**Investor Members' Tax Counsel**") that any Lender or Investor Member has a reasonable basis for asserting a claim against Borrower under the Tax Indemnity Agreement and so notifies Borrower in writing of the reasonably-estimated amount of liability (the "**Lenders' Notice**"), then the Timberlands having an aggregate value (as determined

by Lenders' Appraiser as of a current date) of not more than two hundred percent (200%) of Lenders' or Investor Member's reasonably-determined estimate of Borrower's liability under the Tax Indemnity Agreement as specified in the Lenders' Notice shall remain subject to a Mortgage (the "**Continuing Mortgages**"). In furtherance of the foregoing, Borrower shall determine in good faith upon consultation with Lenders in identifying the portions of the Timberlands to be subject to the Continuing Mortgages and in lieu of the Continuing Mortgages, Borrower may provide credit support (such as, by way of example, a letter of credit) in form and substance, and from a credit support provider, reasonably acceptable to Lenders (the "**Credit Support**"), in an amount to be mutually agreed to by Borrower and Lenders (but in no event less than Lenders' reasonably-determined estimate of Borrower's liability under the Tax Indemnity Agreement as specified in the Lenders' Notice and no greater than two hundred percent (200%) of such amount). Borrower and Lenders shall negotiate in good faith for a period of twenty (20) days after Borrower's receipt of the Lenders' Notice to determine the Credit Support amount. In the event that the parties cannot reach agreement after good-faith negotiation for such period of time, the Obligations under the Tax Indemnity Agreement shall be secured by the Continuing Mortgages. The Continuing Mortgages or the Credit Support, as the case may be, shall continue to secure all Obligations under the Tax Indemnity Agreement until such time as Lenders reasonably determine (after consultation with the Investor Members' Tax Counsel) that no claim against Borrower under the Tax Indemnity Agreement will be asserted; provided, however, that if the Continuing Mortgages or the Credit Support, as the case may be, shall be in place for at least three hundred sixty-five (365) days following the Pay-out Date, upon the written request of Borrower requesting the release of the Continuing Mortgages and the Credit Support, if Lenders or Investor Members have reasonably determined after consultation with the Investor Members' Tax Counsel, that there exists a significant risk of a Recapture, Borrower and Lenders or Investor Members shall enter into a common interest and joint defense agreement mutually satisfactory to Borrower and Lenders or Investor Members, as applicable, and upon execution of such agreement, Borrower and Lenders or Investor Members may seek the joint advice of Investor Members' Tax Counsel, and pursuant to which Borrower may request an opinion of counsel from Investor Members' Tax Counsel with respect to the basis for such potential claim. If Lenders or Investor Members shall not have made such determination within thirty (30) days of such request, then Lenders shall release the Continuing Mortgages or Credit Support, as the case may be. Each of Borrower and Lenders or Investor Members agree to cooperate in good faith in connection with the foregoing. In the event of any litigation or arbitration proceeding regarding the Tax Indemnity Agreement or the provisions of this Section 6.1, whether any Lender or Investor Member has a reasonable basis for asserting a claim against Borrower, and accordingly for Lenders' retaining the Lien evidenced hereby, shall be determined in that proceeding without regard to any presumption of the correctness of the opinion of Investor Members' Tax Counsel.

## **6.2 Fees and Expenses Incurred by Lender Parties.**

(a) Unless otherwise expressly provided herein, Borrower agrees to promptly pay all fees, costs and expenses (including attorneys' fees and expenses) incurred by Lenders in connection with any matters contemplated by or arising out of the Financing Documents, in connection with the examination, review, due diligence investigation, documentation, negotiation, and closing of the transactions contemplated herein and in connection with the continued administration of the Financing Documents including any amendments, modifications,

consents and waivers. Borrower agrees to promptly (following receipt of an invoice) pay documentation charges assessed by Lenders for amendments (other than for an amendment required by Lenders at a time that no Default or Event of Default exists or is continuing and which amendment is solely for the benefit of Lenders, provided, however that Borrower shall pay documentation charges for amendments that (i) cure any ambiguity, defect or inconsistency in any Financing Document or (ii) are necessary to keep the Credit Parties in compliance with all applicable New Markets Tax Credit Program Requirements, waivers and consents and reasonable documentation charges assessed for any of the documentation prepared by Lenders' (as the case may be) internal legal staff. Borrower agrees to promptly pay all fees, costs and expenses (including attorneys' fees and expenses and the allocated cost of internal legal staff) incurred by Lenders in connection with any action to enforce any Financing Document or to collect any payments due from Borrower or Person obligated on the Obligations (collectively, "**Enforcement Expenses**"). All fees, costs and expenses for which Borrower is responsible under this Section 6.2 shall be deemed part of the Obligations when incurred, payable upon demand by Lenders and secured by the Collateral. Notwithstanding anything herein to the contrary, Borrower's liability under this Section 6.2(a) for fees, costs and expenses of the Lenders (including without limitation attorneys' fees) relating to the initial documentation, negotiation and closing of the transactions contemplated by this Agreement shall not exceed \$100,000 and shall constitute a portion of the Deferred Transaction Expenses (as defined in Section 6.2(c) below; provided that the foregoing terms of this sentence shall not be deemed in any event to refer to Enforcement Expenses.

(b) If any taxes (other income taxes attributable to any recapture of Tax Credits) shall be payable on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any of the Financing Documents, or the creation of any of the Obligations hereunder, in each such case by reason of any existing or hereafter enacted federal or state statute, Borrower will pay all such taxes, including, but not limited to, any interest or penalty thereon, and will indemnify, defend and hold each of the Lenders harmless from and against liability in connection therewith.

(c) Borrower shall pay or reimburse each of the Lenders for any and all out of pocket transaction expenses incurred by Lender Parties in connection with the Investor Members' equity investments in such Lender for the purpose of funding such Lender's Loan and in connection with the Loans (with the amount of such expenses deemed to be \$199,412.00 (which amount includes the \$100,000 referenced in Section 6.2(a) above) and referred to in this Agreement as the "**Deferred Transaction Expenses**"), together with interest thereon from the Closing Date to the date of Borrower's payment or reimbursement of such expenses at 5.17% compounded quarterly. Borrower shall make such payment and reimbursement on the earliest of the Maturity Date, the date on which Lenders accelerate the Obligations pursuant to Section 5.2 hereof and the date on which Borrower repays the Obligations in full. Lenders shall deliver to Borrower evidence of such expenses (as evidenced by an invoice delivered to Borrower) within six (6) months after the Closing Date.

(d) If Lenders accelerate the principal amount of the Obligations prior to the Maturity Date as a result of any Event of Default having occurred and continuing, Borrower will reimburse BCC NMTC CDE IV for a portion of the loan origination fee paid by BCC NMTC CDE IV to its managing member pursuant to BCC NMTC CDE IV's operating agreement as in effect on the date hereof, which reimbursement shall be calculated as follows: the amount of such

loan origination fee multiplied times the number of months from the date on which such acceleration occurs through the Maturity Date (and rounding such period up to the next full month) and divided by 84. If Borrower repays, or any other Credit Party or other Person pays on Borrower's behalf, the accelerated Obligations in full (including reimbursement of such loan origination fee) in accordance with the terms of the Financing Documents, and BCC NMTC CDE IV is able to reinvest the proceeds of such repayment in a loan to another QALICB in a manner that satisfies the "substantially all" requirement set forth in Section 45D(b)(1)(B) of the Internal Revenue Code and the Treasury Regulations thereunder, then BCC NMTC CDE IV will refund to Borrower amounts paid in reimbursement of such loan origination fee.

**(e) RESERVED.**

**(f)** If Lenders accelerate the principal amount of the Obligations prior to the Maturity Date as a result of the occurrence of any Event of Default having occurred and continuing, Borrower will reimburse RDP 3 for a portion of the loan origination fee paid by RDP 3 to its managing member pursuant to RDP 3 's operating agreement as in effect on the date hereof, calculated as follows: the amount of such loan origination fee multiplied times the number of months from the date on which such acceleration occurs through the Maturity Date (and rounding such period up to the next full month) and divided by 84. If Borrower repays, or any other Credit Party or other Person pays on Borrower's behalf, the accelerated Obligations in full (including reimbursement of such loan origination fee) in accordance with the terms of the Financing Documents, and RDP 3 is able to reinvest the proceeds of such repayment in a loan to another QALICB in a manner that satisfies the "substantially all" requirement set forth in Internal Revenue Code Section 45D(b)(1)(B) and the Treasury Regulations thereunder, then RDP 3 will refund to Borrower amounts paid in reimbursement of such loan origination fee.

**(g)** Notwithstanding anything to the contrary hereunder or any other Financing Document, the reimbursement of costs, fees and expenses incurred by the Lender Parties in connection with the enforcement of any of their rights and remedies under the Tax Indemnity Agreement shall be paid, reimbursed solely pursuant to, and subject to the terms and conditions of, the Tax Indemnity Agreement and Borrower shall have no liability for any such costs, fees or expenses except to the extent provided in the Tax Indemnity Agreement.

**6.3 Waiver by Lenders.** Lenders' failure, at any time or times hereafter, to require strict performance by any Credit Party of any provision of this Agreement shall not waive, affect or diminish any right of Lenders thereafter to demand strict compliance and performance therewith. Any suspension or waiver by Lenders of an Event of Default under this Agreement or the other Financing Documents shall not suspend, waive or affect any other Event of Default under this Agreement or the other Financing Documents, whether the same is prior or subsequent thereto and whether of the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of any Credit Party contained in this Agreement or the other Financing Documents and no Event of Default under this Agreement or the other Financing Documents shall be deemed to have been suspended or waived by Lenders, unless such suspension or waiver is by an instrument in writing specifying such suspension or waiver and is signed by a duly authorized representative of each Lender and consented to in writing by Lender Parties.

**6.4     Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

**6.5     Modification of Agreement.** This Agreement and the other Financing Documents may not be modified, altered or amended, except (i) by an agreement in writing signed by Borrower and Lenders, and any other party thereto or (ii) as otherwise set forth in such Financing Document; provided, further, no such modification, alteration or amendment hereto may be made without the permission or consent of all of the Lender Parties.

**6.6     Authorization to Disseminate Information.**

(a)     Subject to Section 6.6(b) hereof, at all times prior to the occurrence of an Event of Default each Lender agrees to use commercially reasonable efforts (equivalent to the efforts such Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all confidential information provided to them by the Credit Parties and designated as confidential for a period of two (2) years following receipt thereof, except that each Lender Party may disclose such information (i) to another Lender, an Investor Member (provided such Investor Member agrees to comply with the covenant contained in this Section 6.6, or Persons employed or engaged by such Lender Party; (ii) to any bona fide assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 6.6 (and any such bona fide assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (iii) as required or requested by any Governmental Authority or reasonably believed by such Lender Party to be compelled by any court decree, subpoena or legal or administrative order or process; (iv) as, on the advice of such Lender Party's counsel, is required by law; (v) in connection with the exercise of any right or remedy under the Financing Documents or in connection with any litigation to which such Lender Party is a party; or (vi) that ceases to be confidential through no fault of any Lender Party. Notwithstanding anything to the contrary herein, Lenders may share with the other Lenders all information provided to them by the Credit Parties.

(b)     Notwithstanding anything to the contrary herein or in any other agreement, the obligations set forth in Section 6.6(a) hereof shall not apply to the tax treatment or tax structure of the transaction and each party to this Agreement (and any employee, representative or other agent of any party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analysis) that are provided to any party hereto relating to such tax treatment and tax structure. The immediately preceding sentence of this Section 6.6(b) is intended to cause the transaction not to be treated as having been offered under conditions of confidentiality for purposes of Sections 1.6011-4(b)(3) and 301.6111-2(a)(2)(ii) (or any successor provision) of the Treasury Regulations issued under the Internal Revenue Code and shall be construed in a manner consistent with such purpose.

**6.7     Intentionally Omitted.**

**6.8      Authorized Signature.** The signature upon this Agreement or upon any of the other Financing Documents of a Responsible Officer of Borrower bind Borrower, and be deemed to be the act of Borrower, affixed pursuant to and in accordance with the provisions of Borrower's certificate or articles of incorporation and bylaws.

**6.9      Notices.** The addresses for notices to Borrower and Lenders are as follows:

(a) if to BCC NMTC CDE IV, at:

BCC NMTC CDE IV LLC  
c/o BCLF Managed Assets Corporation  
56 Warren Street  
Boston, MA 02119  
Attn: Elyse Cherry  
Fax: (617) 427-9300

with copies to:

Edwards Angell Palmer & Dodge LLP  
111 Huntington Avenue  
Boston, MA 02199-7613  
Attn: Steven L. Paul, Esq.  
Fax: (617) 227-4420

GPSF-H Inc. and GPSF-I Inc.  
c/o GE Commercial & Industrial Finance  
401 Merritt 7  
2nd Floor  
Norwalk, CT 06851  
Attn: Manager – Operations  
Fax: (203) 229-1992

GE Commercial & Industrial Finance  
401 Merritt 7  
Norwalk, CT 06851  
Attn: Virginia Quinn, Esq.  
Fax: (203) 229-1991

Kilpatrick Stockton LLP  
1100 Peachtree Street  
Suite 2800  
Atlanta, GA 30309  
Attn: Hilary P. Jordan, Esq.  
Fax: (404) 541-3526

McKee Nelson LLP  
1919 M. Street NW  
Suite 800  
Washington, DC 20036  
Attn: Jeffrey G. Davis, Esq.  
Fax: (202) 775-8586

(b) if to RDP 3, at:

RDP 3 LLC  
c/o Rural Development Partners, LLC  
563 390<sup>th</sup> Street  
Hanolontown, IA 50444  
Attn: Brad Petersburg  
Fax: (641) 588-3116

with copies to:

Frost Brown Todd LLC  
400 West Market Street  
32nd Floor  
Louisville, KY 40202-3363  
Attn: Craig Greenberg, Esq.  
Fax: (502) 581-1087

GPSF-H Inc. and GPSF-I Inc.  
c/o GE Commercial & Industrial Finance  
401 Merritt 7  
2<sup>nd</sup> Floor  
Norwalk, CT 06851  
Attn: Manager – Operations  
Fax: (203) 229-1992

GE Commercial & Industrial Finance  
401 Merritt 7  
Norwalk, CT 06851  
Attn: Virginia Quinn, Esq.  
Fax: (203) 229-1991

Kilpatrick Stockton LLP  
1100 Peachtree Street  
Suite 2800  
Atlanta, GA 30309  
Attn: Hilary P. Jordan, Esq.  
Fax: (404) 541-3526

McKee Nelson LLP  
1919 M. Street NW  
Suite 800  
Washington, DC 20036  
Attn: Jeffrey G. Davis, Esq.  
Fax: (202) 775-8586

(c) if to Borrower, at:

Olympic Range Tree Farm, LLC  
40 Rowes Wharf  
Boston, MA 02110  
Attn: Eva Greger Morse and Danielle Jankowich  
Fax: (617) 790-5128

with copies to:

GMO Renewable Resources, LLC  
40 Rowes Wharf  
Boston, MA 02116  
Attn: Eva Greger Morse  
Fax: (617) 261-1527

Goodwin Procter LLP  
Exchange Place  
53 State Street  
Boston, MA 02109-2881  
Attn: Anna E. Dodson, Esq.  
Fax: (617) 523-1231

or to such other address as each party may designate for itself by like notice given in accordance with this Section 6.9.

Except for any notices, demands, requests or other communications required under applicable law to be given in another manner, whenever Borrower or Lenders gives or serves any notices, demands, requests or other communications with respect to this Agreement or the Notes, each such notice, demand, request or other communication shall be in writing and shall be delivered personally, delivered by facsimile or telex, mailed by United States Postal Service certified or registered mail or sent by a nationally recognized courier service such as Federal Express and properly addressed in accordance with this Section 6.9 and shall be deemed given upon receipt or refusal to accept. Any party may at any time change its address for such notices by delivering or mailing to the other party hereto, as aforesaid, a notice of such change.

## **6.10 Assignment.**

**(a)** No Credit Party may sell, assign or transfer this Agreement, or the other Financing Documents or any portion thereof, including, without limitation, any one or more of such Credit Party's rights, title, interests, remedies, powers and/or duties hereunder or thereunder.

**(b)** Each of the Lenders shall have the right to, and Borrower consents to, the sale, assignment, transfer or other disposition of any interest of such Lender in the Loans made by it to one or more Persons; provided, however, that so long as no Event of Default has occurred and is continuing, no Lender may assign any interest of such Lender in the Loans, in whole or in part, to any Person engaged in the same business as Borrower and who is a competitor of Borrower, without the prior written consent of Borrower. Any such participation or disposition by any Lender of its interests in this Agreement or the other Financing Documents, or of any portion hereof or thereof, may include, without limitation, such Lenders' rights, title, interests, remedies, powers and duties hereunder or thereunder. Any Lender may forward to each assignee or participant, and each prospective assignee or participant, all documents and information which such Lender now has or may hereafter acquire relating to the Loans, the Collateral, the Credit Parties or anything else relating hereto, provided any prospective assignee or participant agrees to the confidentiality obligation that Lenders have hereunder. Upon an assignment by any Lender of its Note or a portion thereof together with such Lender's rights under the Financing Documents related thereto to a Person as permitted in accordance with the provisions hereof, such Lender shall have no further obligation to any Credit Party under the Financing Documents in respect of the interest so assigned (but only to the extent that the assignee shall have agreed in writing to assume such obligations) except to the extent arising out of events or conditions existing on or prior to the date of such transfer. Each Credit Party hereby agrees to execute all documents required to effectuate such an assignment or transfer by a Lender including, without limitation, a new Note or other Financing Documents, in favor of any such assignee or transferee in a form required by such assignee or transferee, provided, however, that any new Note or Financing Document shall have the same substantial financial terms as the Notes and Financing Documents entered into with Lenders.

**6.11 Actions by Lenders.** Without affecting the personal liability of any Person, including the Credit Parties, for the payment of the Obligations, and without affecting the lien of the Mortgages for the full amount of the Secured Obligations (as defined therein) remaining unpaid upon any property conveyed pursuant hereto, Lenders are authorized and empowered at any time and from time to time, either before or after the maturity of the Notes, and without notice, to: (a) release any Person liable for the payment of any of the Obligations, (b) accept additional security therefor of any kind or (c) release any property, real or personal, securing the Obligations.

**6.12 Performance by Lenders.** If any Credit Party fails to make any payment required under this Agreement or any of the other Financing Documents within any applicable cure period, whether for real estate taxes, insurance premiums, attorneys' fees or otherwise, or fails to do any act as may be required hereunder or thereunder within any applicable cure period, Lenders may, at the discretion of Lenders, without obligation to do so and without releasing such Credit Party from any obligation, make any such payment or do any such act in such manner and such order as Lenders shall deem necessary to protect the Collateral. Lenders will promptly bill

Borrower for such payments and expenses, which, subject to the following sentence, shall be paid promptly by Borrower. At the option of Lenders, upon notice to Borrower, such payments and expenses shall be added to the principal of the Loans and accrue interest at the Default Rate specified in the Notes until paid, whether at maturity of the Loans or otherwise. Lenders shall provide Borrower written notice promptly following Lenders' taking any actions under this Section 6.12.

**6.13 Entire Agreement.** This Agreement, together with the other Financing Documents and all other documents evidencing or securing the Loans referred therein, constitute and set forth the entire understanding and agreement between the parties with respect to the Loans, and no party hereto has relied upon any representations, agreements or understandings, verbal or written, not set forth herein, or in such other Financing Documents, whether made by any party hereto or by any agent, employee or representative of any party hereto.

**6.14 Partial Payment.** Acceptance by Lenders of any sum in payment or part payment of any portion of the Obligations after the same is due shall not constitute a waiver of Lenders' right to require prompt payment when due of the remainder of the Obligations, nor shall such acceptance cure or waive any remaining default or waive any subsequent default or prejudice any of the rights of Lenders under this Agreement or the other Financing Documents.

**6.15 Indemnity.** Borrower agrees to indemnify, pay, and hold each Lender and each of its Affiliates and its officers, directors, employees, agents, and attorneys (the "Indemnitees") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs and expenses (including all fees and expenses of counsel to such Indemnitees) of any kind or nature whatsoever that may be imposed on, incurred or suffered by, or asserted against the Indemnitee as a result of any Indemnitee's being a party to this Agreement or the transactions consummated pursuant to this Agreement and the other Financing Documents, or as a result of any failure by any Credit Party to comply with any of the terms of this Agreement or the other Financing Documents or of the occurrence of any Default or Event of Default; provided that no Credit Party shall have any obligation to an Indemnitee hereunder with respect to liabilities to the extent resulting from the gross negligence or willful misconduct of that Indemnitee as determined by the final, non-appealable order of a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Credit Party agrees to make the maximum contribution to the payment and satisfaction thereof which is permissible under applicable law. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER ANY FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER. This Section 6.15 and other indemnification provisions contained within the Financing Documents shall survive the termination of this Agreement. Notwithstanding anything to the contrary in this Agreement or any other Financing Document, any indemnification obligations of Borrower arising in connection with, under or pursuant to the Tax Indemnity Agreement or the subject

matter thereof shall be paid solely pursuant to, and subject to the terms and conditions of, the Tax Indemnity Agreement

**6.16 Press Releases and Related Matters.** No Credit Party without Lenders' prior written consent shall publish or disseminate whether through the issuance of press releases or other public disclosure, any information regarding Lender Parties, the Loans or the transactions evidenced by the Financing Documents, other than (a) to those individuals who are officers, directors, employees or advisors of the Credit Parties, GMO and its Affiliates, then only on the condition that such matters may not, except as required by law, be further disclosed and (b) as may be required by applicable law. Notwithstanding anything else to the contrary in this Agreement, Lender Parties shall have the right, but not the obligation, to participate in, prepare and/or initiate publicity releases to newspapers of general or limited circulation, trade publications, magazines, television stations, radio stations and/or other similar forms of media communication, in any form, be it oral or written, and to prepare, release and/or distribute any other information or promotional material describing the transactions set forth herein; provided however, that the content of any such publicity releases or other distribution and the media in which it is disseminated has been approved in writing by Borrower.

**6.17 Actions in Concert.** Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement or the other Financing Documents (including exercising any rights of setoff) without first obtaining the prior written consent of the other Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the other Financing Documents shall be taken in concert and at the direction or with the consent of all Lenders and in accordance with Section 6.11 hereof.

## ARTICLE 7. INTERPRETATION OF THIS AGREEMENT

**7.1 Defined Terms.** When used herein, the following terms shall have the following meanings:

"Additional Security" -- as defined in Section 3.11(b) hereof.

"Additional Security Delivery Date" -- as defined in Section 3.11(a) hereof.

"Affiliate" -- shall mean a Person

(i) which directly or indirectly through one or more intermediaries owns or Controls, or is owned or Controlled by, or is under common ownership or Control with, Borrower;

(ii) which beneficially owns or holds, directly or indirectly, any interest in Borrower; or

(iii) an interest in which is beneficially owned or held, directly or indirectly, by Borrower or a Subsidiary.

The term "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting Securities, by contract or otherwise.

"**Agreement**" -- shall mean this Loan Agreement, as it may be amended, supplemented or restated from time to time.

"**Annual Allowable Cut**" -- shall mean, with respect to any year, the aggregate amount of timber, specified by product class and species, that may be harvested by Borrower for the Timberlands during such year, as set forth on Exhibit E attached hereto; and as may be modified from time to time as provided in Section 3.12(b) hereof; provided, however, that the Exhibit E delivered by Borrower on or prior to the Closing Date shall set forth the Annual Allowable Cut for the Timberlands.

"**Atterbury**" -- shall mean Atterbury Consultants, Inc. and its successors and assigns.

"**Bankruptcy Code**" -- shall mean any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect.

"**Basis**" -- shall mean unadjusted basis, as determined for federal income tax purposes.

"**BCC**" -- shall mean Boston Community Capital, Inc., a Massachusetts nonprofit corporation.

"**BCC Fee Letter**" -- shall mean that certain BCC Fee Letter dated as of the Closing Date by and between BMA and the Investor Members.

"**BCC NMTC CDE IV**" -- as defined in the introductory paragraph hereof.

"**BMA**" -- shall mean BCLF Managed Assets Corporation, a Massachusetts nonprofit corporation.

"**Borrower**" -- as defined in the introductory paragraph hereof.

"**Business Day**" -- shall mean a day other than (i) a Saturday or Sunday or (ii) any day on which banks and other financial institutions in New York, New York, are authorized or obligated by law or by order of a Governmental Authority to be closed.

"**Capitalized Lease Obligations**" -- shall mean, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, would be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

**"Cascade"** -- as defined in the recitals hereof.

**"Cash Flow"** -- shall mean for any period, shall mean EBITDA minus capital expenditures paid from proceeds of operations.

**"Cash Flow Shortfall Amount"** -- as defined in Section 3.11(b) hereof.

**"CERCLA"** -- shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq.

**"Change of Control"** -- occurs if (i) BBF and at least one of other entity (other than a wholly-owned Subsidiary of BBF that is disregarded for tax purposes) cease to collectively own and control, directly or indirectly, all of the issued and outstanding limited liability company interests of Borrower free and clear of all Liens (other than any Liens thereon in favor of Lenders), (ii) BBF fails to control, directly or indirectly, Borrower, (iii) BBF owns, directly or indirectly more than 99.9% of the limited liability company interests of Borrower, or (iv) Fund 8 (or its Affiliates) cease to control, directly or indirectly, BBF. For the purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise; provided, however, that the term "Affiliate" shall specifically exclude each Lender Party.

**"Closing"** -- shall mean the closing of the Loans.

**"Closing Date"** -- shall mean December 20, 2005.

**"COBRA"** -- shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

**"Collateral"** -- shall mean, at any time, all Property of any Credit Party which is security for the Loans pursuant to the provisions of the Mortgages and the other Financing Documents.

**"Collectibles"** -- shall mean any work of art, any rug or antique, any metal or gem, any stamp or coin, any alcoholic beverage, any musical instrument, or any historical object (documents, clothes, etc.), or as otherwise specified pursuant to Section 408(m)(2) of the Internal Revenue Code.

**"Continuing Forest Land Obligations"** -- shall mean the continuing forest land obligations applicable to the Timberlands under the forest practice rules adopted pursuant to Revised Code of Washington 76.09.370.

**"Continuing Mortgages"** -- as defined in Section 6.1(c) hereof.

**"Credit Party"** -- shall mean Borrower and each other Person (other than a Lender Party) that is or becomes a party to any Financing Document; provided, however, that the term "Credit Party" as used in any provision herein or in any of the Financing Documents shall not include any officers of Borrower, BBF or any other entity and shall not include BBF unless

BBF is expressly included in such provision, when so used this term's meaning being limited accordingly.

**"Cutting Year"** -- as defined in Section 3.12(b)(i) hereof.

**"Debt"** -- shall mean, at any time, with respect to any Person, without duplication:

(a) all obligations of such Person for borrowed money (including, without limitation, all obligations of such Person evidenced by any debenture, bond, note, commercial paper or Security, but also including all such obligations for borrowed money not so evidenced);

(b) all obligations of such Person to pay the deferred purchase price of Property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreements, provided that accounts payable and other trade debt incurred in the ordinary course of business of such Person shall be excluded from this clause (b);

(c) all Capitalized Lease Obligations of such Person;

(d) all obligations or liabilities of a type described in any of clauses (a) through (c) above that is secured by any Lien existing on Property owned by such Person (whether or not such obligations have been assumed by such Person or recourse in respect thereof is available against such Person);

(e) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, whether or not matured; and

(f) any Guaranty of such Person of any obligation or liability of another Person of a type described in any of clause (a) through (e), inclusive, of this definition.

Debt of a Person shall include all obligations of such Person of the character described in any of clauses (a) through (f) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

**"Debt Service"** -- shall mean, for any period, without duplication, the sum of all principal and interest required to have been paid by Borrower during such period in respect of all Debt of Borrower.

**"Debt Service Coverage Ratio"** -- for any period, shall mean the ratio of, without duplication, (x) Cash Flow of Borrower for such period to (y) the sum of all amounts required to have been paid in respect of Debt Service for all Debt of Borrower for such period.

**"Default"** -- shall mean an event or condition the occurrence of which would, with a lapse of time or the giving of notice or both, become an Event of Default.

**"Deferred Transaction Expenses"** -- as defined in Section 6.2(c) hereof.

**"Deposit Accounts"** -- shall mean the deposit accounts identified on Schedule 11 to the Security Agreement."

**"EBITDA"** -- shall mean net income before interest, taxes, depreciation and amortization.

**"Ecotrust Easement"** -- shall mean that certain Reciprocal Road Easement Agreement dated November 17, 2005, between Fund 8 and Sooes, LLC.

**"Enforcement Expenses"** -- shall have the meaning set forth in Section 6.2(a) hereof.

**"Environmental Indemnity Agreement"** -- shall mean that certain Environmental Indemnity Agreement of even date herewith between Lenders and Borrower, as amended, restated, supplemented or revised from time to time.

**"Environmental Protection Laws"** -- shall mean all federal, state, municipal and local laws, statutes, ordinances, rules, regulations, directives and decisions of all Governmental Authorities or quasi-governmental authorities, agencies, regulatory or rule-making bodies, commissions, departments, boards or courts or other tribunals with respect to or relating to Hazardous Substances, pollution or protection of the environment, natural resources, human and employee health and safety and any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments including, without limitation, CERCLA; The Federal Resource Conservation and Recovery Act, 42 U.S.C. section 6901 et seq.; Superfund Amendments and Reauthorization Act of 1986, Public Law No. 99499; Toxic Substances Control Act, 15 U.S.C. section 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. section 1801 et seq.; Occupational Safety and Health Act, 29 U.S.C. section 651 et seq., including any super lien or environmental clean-up or disclosure statutes, rules or regulations or codes of the State of Washington, as amended.

**"Environmental Report"** -- shall mean the following reports: (i) URS Corporation, Phase I Environmental Site Assessment, Olympic Tree Farm, Clallam County, Washington, dated August, 2005 and (ii) Westech Company, Olympic Tree Farm, Reconnaissance and Evaluation of Selected Sites, Clallam County, Washington dated September 2005.

**"ERISA"** -- shall mean the Employee Retirement Income Security Act of 1974 (or any successor legislation thereto), as amended from time to time and any regulations promulgated thereunder.

**"Event of Default"** -- as defined in Section 5.1 hereof.

**"Fee Letters"** -- shall mean, collectively, the BCC Fee Letter and the RDP Fee Letter.

**"Financial Statements"** -- as defined in Section 2.2(a) hereof.

**"Financing Documents"** -- shall mean this Agreement, the Notes, the Security Documents, the Tax Indemnity Agreement, the Fee Letters, the Environmental Indemnity Agreement, and any and all other agreement, instruments and documents, including, without limitation, mortgages, security agreements, assignments, pledges, powers of attorney, consents, and all other written agreements heretofore, now or hereafter executed by any Credit Party or other credit support provider for Borrower and/or delivered to Lenders or in respect to the transactions contemplated by this Agreement, in each case as may be amended from time to time.

**"Forest Investment Easement"** -- shall mean that certain Easement Agreement dated November 16, 2005, between Hawthorn Timberlands, LLC and Fund 8.

**"Forest Management Agreements"** -- shall mean, collectively, the Green Crow Forest Management Agreement and any replacement administrative services or forest management agreement that satisfies the requirements of Section 3.20 hereof, in each case as amended, supplemented or restated from time to time in accordance with this Agreement.

**"Fund 8"** -- as defined in the introductory paragraph hereof.

**"GAAP"** -- shall mean accounting principles generally accepted in the United States of America from time to time in effect.

**"GMO"** -- shall mean GMO Renewable Resources, LLC, a Delaware limited liability company.

**"Governmental Authority"** -- shall mean:

(a) the government of:

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction (A) in which Borrower or any Subsidiary or Affiliate conducts all or any part of its business or (B) that asserts jurisdiction over the conduct of the affairs or Property of any of such Persons; and

(b) any entity or agency exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

**"Green Crow"** -- shall mean Green Crow Management Services, LLC, a Washington limited liability company.

**"Green Crow Forest Management Agreement"** -- shall mean that certain Timberland Management and Marketing Agreement dated as of December 15, 2005, between Green Crow and Borrower, a copy of which is attached as Exhibit D-1 hereto.

**"Guaranty"** -- shall mean with respect to any Person means an obligation of such Person which guarantees or in effect guarantees, or assures the payment of, or performance with respect to, any indebtedness, dividend or other obligation of any other Person (the "primary

"obligor") in any manner, whether directly or indirectly, including, but not limited to, obligations incurred by such Person through an agreement, contingent or otherwise:

- (a) to purchase such indebtedness or obligation or any Property or assets constituting security therefor; or
- (b) to advance or supply funds; or
- (c) for the purchase or payment of such indebtedness or obligation; or
- (d) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligations; or
- (e) to lease Property or to purchase any Security or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the primary obligor to make payment of such indebtedness or obligations; or
- (f) otherwise to assure the owner of such indebtedness or obligation of the primary obligor against loss in respect thereof.

**"Hazardous Substances"** -- shall mean pollutants, contaminants, hazardous or toxic wastes or substances, any substances, as defined as such by any Environmental Protection Laws, and which because of their quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including, without limitation, any asbestos (whether or not friable) and any asbestos-containing materials, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants, pickling and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes, solid wastes, special wastes, medical wastes, hazardous materials, or radioactive materials or petroleum (including, without limitation, crude oil or any fraction thereof, or natural gas liquids, liquefied natural gas or synthetic gas) or any other similar materials or any hazardous or toxic wastes or substances which are included under or regulated by any Environmental Protection Laws (whether now existing or hereafter enacted or promulgated, as they may be amended from time to time) and any applicable and legally binding judicial or administrative interpretation thereof.

**"Initial Service Provider"** -- as defined in Section 3.20 hereof.

**"Internal Revenue Code"** -- shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor law.

**"Investor Members"** -- shall mean GPSF-H Inc. and GPSF-I Inc. and their respective successors and assigns, in their capacities as Members.

**"Investor Members' Tax Counsel"** -- as defined in Section 6.1(c).

**"IRS"** -- shall mean the United States Internal Revenue Service or any successor agency.

**"Lender Parties"** -- shall mean, collectively, Lenders, BMA, Rural Development Partners and each of the Investor Members; each a **"Lender Party"**.

**"Lenders"** -- as defined in the introductory paragraph hereof.

**"Lenders' Appraiser"** -- shall mean Atterbury, or such other appraiser as may be from time to time selected by Lender Parties and reasonably satisfactory to Borrower.

**"Letter of Credit"** -- shall mean any letter of credit delivered to Lenders pursuant to Section 3.11 or 3.12(b)(iv) hereof.

**"Letter of Credit Default"** -- shall mean, with respect to any Letter of Credit, the failure of such Letter of Credit to be renewed, or replaced with another Qualified Letter of Credit, prior to the earlier to occur of (i) the stated expiry date of such Letter of Credit and (ii) the thirtieth (30<sup>th</sup>) day following any date on which such Letter of Credit ceases to be a Qualified Letter of Credit.

**"Lien"** -- shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to any security interest, security title or lien arising from a mortgage, deed to secure debt, security agreement, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, each Credit Party shall be deemed to be the owner of any Collateral which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to such Property has been retained by or vested in some other Person for security purposes.

**"Loans"** -- as defined in Section 1.1 hereof.

**"Logging Agreements"** -- shall mean any logging agreements that may be entered into by any Credit Party with respect to the Timberlands and satisfy the requirements of Section 3.12(l) hereof, in each case as such contract may be amended, supplemented or restated from time to time in accordance with Section 3.12(l) of this Agreement.

**"Low-Income Community"** -- shall mean any "low-income community" as defined in Section 45D(e) of the Internal Revenue Code, the Treasury Regulations and Other Guidance (expressly including any area treated as a "low-income community" pursuant to Treasury Regulations promulgated under Code Section 45D(e)(2)).

**"LTV Shortfall Amount"** -- as defined in Section 3.11(a) hereof.

**"LTV Shortfall LC"** -- as defined in Section 3.11(a) hereof.

**"Makah Easement"** -- shall mean that certain Reciprocal Road Easement dated November 17, 2005, between Fund 8 and the Makah Indian Tribe.

**"Make-Whole Amount"** -- shall mean an amount equal to the excess, if any, of the Discounted Value of the Called Principal of the Note over the amount of the Called Principal thereof. The Make-Whole Amount shall in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

**"Called Principal"** -- shall mean the principal of the Notes that is to be prepaid pursuant to Section 5 of the Notes or that is accelerated pursuant to Section 5.2 hereof.

**"Discounted Value"** -- shall mean, with respect to the Called Principal of the Notes, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice, at a discount factor (applied on a quarterly basis) equal to the Reinvestment Yield with respect to such Called Principal.

**"Reinvestment Yield"** -- shall mean, with respect to the Called Principal of the Notes, the yield to maturity implied by (i) the rates for 7-year Treasury Bills reported in the Wall Street Journal on the Business Day immediately preceding the due date of the payment of the Called Principal having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, including by interpolation, (ii) such other similar yields as Lenders may select in their discretion.

**"Remaining Average Life"** -- shall mean, with respect to the Called Principal of the Notes, the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the Stated Maturity of the Notes.

**"Remaining Scheduled Payments"** -- shall mean, with respect to the Called Principal of the Notes, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

**"Settlement Date"** -- shall mean, with respect to the Called Principal of the Notes, the date on which such Called Principal is to be prepaid (including partial prepayments) or is accelerated pursuant to Section 5.2 hereof.

**"Stated Maturity"** -- shall mean the date specified in the Notes as the fixed date on which the principal of the Notes is due and payable.

**"Management Plan"** -- as defined in Section 3.12(a) hereof.

**"Margin Stock"** -- shall mean "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States of America, 12 C.F.R., Chapter 11, as amended from time to time.

**"Material Adverse Effect"** -- shall mean a material adverse effect on (a) the Timberlands, (b) the business (including, without limitation, the Timberlands Business), prospects, profits, Properties or condition (financial or otherwise) of Borrower, (c) the ability of Borrower, to perform its obligations set forth in any Financing Document to which Borrower is a party or by which Borrower's Property is bound and (d) the enforceability against Borrower of any Financing Document to which it is a party; provided, however, for the purposes of determining whether a Default or an Event of Default under Section 5.1 hereof has occurred with respect to any provision hereof qualified or otherwise modified by a Material Adverse Effect, "Material Adverse Effect" shall mean a material adverse effect on (i) the Timberlands, (ii) the business (including, without limitation, the Timberlands Business), prospects, profits, Properties or condition (financial or otherwise) of the Credit Parties, taken as a whole, (iii) the ability of the Credit Parties, taken as a whole, to perform their obligations set forth in any Financing Document to which a Credit Party is a party or by which such Credit Party's Property is bound and (iv) the enforceability against the Credit Parties, taken as a whole, of any Financing Document to which they are a party.

**"Maturity Date"** -- as defined in the Notes.

**"Mortgaged Properties"** -- shall mean the Timberlands and any other Property of Borrower subject to the Mortgages.

**"Mortgages"** -- shall mean one or more Deeds of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing encumbering the Timberlands, as they may be amended, supplemented or restated from time to time.

**"Multiemployer Plan"** -- shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

**"New Markets Tax Credit Program Requirements"** -- shall mean any and all requirements applicable to the New Markets Tax Credit Program, including the Internal Revenue Code, Treasury Regulations, any other guidance, rule, instruction, notice or procedure published by the IRS, Treasury, or the Community Development Financial Institutions Fund.

**"Nonqualified Financial Property"** -- shall mean cash, cash equivalents (including items treated as "cash items" under Section 856(c)(4) of the Internal Revenue Code), debt, stock, partnership interests, limited liability company interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property; provided, however, Nonqualified Financial Property shall not include (1) reasonable amounts of working capital held in cash, cash equivalents, or debt instruments with a term of eighteen (18) months or less, or (2) "debt instruments" described in Section 1221(a)(4) of the Internal Revenue Code. In no event shall cash, cash equivalents or other items of Nonqualified Financial Property held by an Affiliate be treated as Nonqualified Financial Property of Borrower.

**"Notes"** -- as defined in Section 1.2 hereof.

**"Obligations"** -- shall mean all present and future loans, advances, liabilities, obligations, covenants, duties, and debts owing by any Credit Party to any Lender Party under or pursuant to this Agreement or any other Financing Document, whether or not evidenced by any note, or other instrument or document, whether arising from an extension of credit, loan, guaranty, indemnification or otherwise, whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, as principal or guarantor, and including, without limitation, all principal, interest (including, without limitation, interest accruing after the commencement by or against any Credit Party of a case under the Bankruptcy Code or other similar proceeding, whether or not constituting an allowed claim in such case or other proceeding), charges, expenses, fees, attorneys' fees, filing fees and any other sums chargeable to any Credit Party hereunder, under another Financing Document, or under any other agreement or instrument with any Lender Party.

**"PBGC"** -- shall mean the Pension Benefit Guaranty Corporation.

**"Permitted Debt"** -- shall mean (i) the Loans, (ii) obligations that are secured by Permitted Liens, (iii) payables (including real estate taxes and other taxes on the Timberlands, obligations to contractors, suppliers and employees of Borrower and obligations to Affiliates) incurred in the ordinary course of business in amounts as are normal and reasonable under the circumstances and (iv) obligations under overdraft lines of credit of the Borrower with respect to the Deposit Accounts, in an amount not to exceed \$10,000 in aggregate outstanding principal amount at any one time per Deposit Account.

**"Permitted Liens"** -- as defined in Section 3.6 hereof.

**"Person"** -- shall mean an individual, partnership (whether general or limited), corporation, limited liability company, trust, business trust, estate, unincorporated organization, Governmental Authority or other legal entity (whether domestic or foreign).

**"Plan"** -- as defined in Section 3.5 hereof.

**"Pro Rata Share"** -- shall mean, with respect to all matters relating to any Lender, the percentage obtained by dividing (i) the Loan of that Lender by (ii) the outstanding principal balance of the Loans held by all Lenders.

**"Property"** -- shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

**"Purchase Agreement"** -- shall mean that certain Real Estate Purchase and Sale Agreement dated September 20, 2005, between Cascade and Fund 8, as amended by that certain First Amendment thereto dated October 7, 2005 and that certain Second Amendment thereto dated November 9, 2005, and as assigned by Fund 8 to BBF in part and as assigned by BBF to Borrower in part and as such agreement may be amended, supplemented or restated from time to time in accordance with this Agreement.

**"QALICB"** -- shall mean a "qualified active low-income community business" within the meaning of Section 45D(d)(2) of the Internal Revenue Code and Section 1.45D-1T(d)(4)(i) of the Treasury Regulations.

**"Qualified Letter of Credit"** -- shall mean an irrevocable standby letter of credit, in form and substance reasonably satisfactory to Lenders, issued by a domestic commercial bank having at the time of issuance and maintaining at all times while such letter of credit is outstanding a long-term certificates of deposit rating or long-term senior unsecured debt rating of at least "AA" as rated by S&P and "Aa" as rated by Moody's Investors Service, Inc.

**"RDP 3"** -- as defined in the introductory paragraph hereof.

**"RDP Fee Letter"** -- shall mean that certain RDP Fee Letter dated as of the Closing Date by and between Rural Development Partners and the Investor Members.

**"Recapture"** -- shall mean a recapture of Tax Credits under Section 45D(e) of the Internal Revenue Code and the Treasury Regulations thereunder.

**"Release"** -- as defined in Section 2.13(b) hereof.

**"Required Additional Security Amount"** -- as defined in Section 3.11(b) hereof.

**"Responsible Officer"** -- shall mean the President, any Senior Financial Officer and any other officer of a Credit Party with responsibility for the administration of the relevant portion of this Agreement.

**"Rural Development Associates"** -- shall mean Rural Development Associates, LLC, an Iowa limited liability company.

**"Rural Development Partners"** -- shall mean Rural Development Partners, LLC, an Iowa limited liability company.

**"S&P"** -- shall mean Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

**"Security"** -- shall have the same meaning as in section 2(1) of the Securities Act of 1933, as amended.

**"Security Agreement"** -- shall mean that certain Security Agreement dated as of December 20, 2005 executed by Borrower in favor of Lenders, as amended, supplemented or restated from time to time.

**"Security Documents"** -- shall mean the Security Agreement, the Mortgages, any and all Letters of Credit, all documents evidencing any Additional Security and all other documents evidencing, providing for or perfecting for a Lien in favor of Lender Parties in the Collateral, as they may be amended, supplemented or revised from time to time.

**"Senior Financial Officer"** -- shall mean the chief financial officer, principal accounting officer, treasurer or comptroller of a Credit Party.

**"Service Provider"** -- as defined in Section 3.20 hereof.

**"Services Performed Percentage"** -- shall mean, with respect to any Taxable Year, a percentage equal to (a) the total amount paid or to be paid by Borrower for employee services performed in the Low-Income Community during such Taxable Year, divided by (b) the total amount paid or to be paid by Borrower for employee services performed during such Taxable Year. For purposes of this definition, employee services performed shall only include services performed by persons constituting employees of Borrower for federal tax purposes and shall not include services performed by persons constituting independent contractors of Borrower for federal tax purposes.

**"Specified Low-Income Community"** -- shall mean population census tracts 53009980200 and 53031950100.

**"Subsidiary"** -- of a Person shall mean any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than fifty percent (50%) of the voting stock, membership interests or other equity interests is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof.

**"Tangible Property"** -- shall mean any interest in any kind of tangible property or asset, whether real, personal or mixed.

**"Tangible Property Percentage"** -- shall mean, with respect to Borrower and any Taxable Year, a percentage equal to (a) the average value of Tangible Property owned or leased by Borrower and used in the Timberlands Business, during such Taxable Year in the Specified Low-Income Community divided by (b) the average value of Tangible Property owned or leased by Borrower and used by Borrower during such Taxable Year. For purposes of this definition, Property owned shall be valued at its Basis, and property leased shall be valued at a reasonable amount and Timberlands located in the Specified Low-Income Community shall be deemed to be used in the Specified Low-Income Community. Logs or timber owned by Borrower constitute property used in the Specified Low-Income Community so long as they are located in the Low-Income Community.

**"Taxable Year"** -- shall mean Borrower's taxable year for federal income tax purposes.

**"Tax Credits"** -- shall mean the credits against federal income tax provided for in Section 45D of the Internal Revenue Code, commonly referred to as New Markets Tax Credits.

**"Taxes"** -- shall mean all federal, state, local and foreign taxes, and other assessments of a similar nature (whether imposed directly or through withholding) including, but not limited to, income, excise, property, ad valorem, sales, use (or any similar taxes), gains, transfer, conveyance, franchise, payroll, value-added, withholding, Social Security, business

license fees, customs, duties and other taxes, assessments, charges, or other fees imposed by a Governmental Authority, including any interest, additions to tax, or penalties applicable thereto.

**"Tax Indemnity Agreement"** -- shall mean that certain Tax Indemnity Agreement of even date herewith, among Borrower and Lender Parties, as amended, supplemented or restated from time to time.

**"Tax Opinion"** -- as defined in Section 4.1(p) hereof.

**"Tax Return"** -- shall mean any federal, state, local or foreign return, declaration, statement, report, schedule, form, information return, or claim for refund relating to Taxes, including any amendment thereof.

**"Term"** -- shall mean the term of the Loans which shall run from the Closing Date through the Maturity Date.

**"Termination Date"** -- shall mean the first date on which (a) the Loans have been indefeasibly repaid in full and (b) all other Obligations under this Agreement and the other Financing Documents have been completely discharged (other than contingent indemnity obligations that are not yet due and payable).

**"Terms and Conditions Letter"** -- shall mean that certain letter agreement dated October 18, 2005, between GMO and the GE Commercial and Industrial Finance unit of General Electric Capital Corporation with respect to the Loans.

**"Test Date"** -- as defined in Section 3.11(a) hereof.

**"Timberlands"** -- shall mean certain land described in Exhibit A to the Mortgages, consisting of several parcels located in Clallam and Jefferson Counties, the State of Washington, together with all appurtenances thereto and all buildings, structures, roads and improvements situated thereon, and the appurtenant easements with respect to the use of any road improvements which are not located on the Timberlands, but are necessary for the operation thereof, and any and all timber and trees now or hereafter on such land.

**"Timberlands Acquisition"** -- as defined in the recitals hereof.

**"Timberlands Assignments"** -- as defined in the recitals hereof.

**"Timberlands Business"** -- as defined in Section 2.1 hereof.

**"Title Company"** -- shall mean Chicago Title Insurance Company or another title company of national repute acceptable to Lenders.

**"Title Policy"** -- shall mean that certain mortgagee policy of title insurance issued in connection with the Closing by Land America, which is in form and substance satisfactory to and accepted by Lender Parties.

**"Treasury"** – shall mean the United States Department of the Treasury.

**"Treasury Rate"** -- as defined in Section 3.11(b) hereof.

**"Treasury Regulations"** -- shall mean any proposed, temporary or final regulations promulgated under the Internal Revenue Code by the United States Department of the Treasury, as such regulations are amended from time to time.

**"UCC"** -- shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

**7.2 Accounting Terms; Interpretation of Financial Covenants.** Any accounting terms used in this Agreement which are not specifically defined shall have the meanings customarily given them in accordance with GAAP at the time in effect.

**7.3 Directly or Indirectly.** Where any provision herein refers to action to be taken by any Person, or that such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any partnership in which such Person is a general partner.

**7.4 Exercise of Consent; Collateral Agency.**

(a) Subject to Section 6.17 hereof, each and every decision, election, determination, estimate, request, consent, approval or similar matter to be made or given by a Lender Party from time to time pursuant to or in connection with this Agreement shall be within such Lender Party's sole, absolute and unlimited discretion, except to the extent expressly and specifically provided to the contrary in this Agreement.

(b) The Credit Parties and Lenders acknowledge and agree that Lenders will act as collateral agent on behalf of the Investor Members with respect to the Obligations for all purposes under the Financing Documents, including without limitation for the purpose of accepting, perfecting, and enforcing the liens and security interests in the Collateral created under the Security Documents.

**7.5 Section Headings and Table of Contents, etc.** The titles of the Sections of the Notes, this Agreement, the other Financing Documents and the Table of Contents appear as a matter of convenience only, do not constitute a part hereof and shall not affect the construction hereof. The words "herein," "hereof," "hereunder" and "hereto" refer to this Agreement as a whole and not to any particular Section or other subdivision. All references in this Agreement to Schedules, Exhibits, Annexes or other addenda shall be deemed to mean the Schedules, Exhibits, Annexes or other addenda to this Agreement, each of which is hereby incorporated herein as though fully set forth herein. Each reference in this Agreement to any gender shall be deemed also to refer to any other gender. The use in this Agreement of the singular shall be deemed also to include the plural and vice versa, unless the context requires otherwise.

**7.6 Construction.** Each covenant contained herein shall be construed (absent an express contrary provision herein) as being independent of each other covenant contained herein, and compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with one or more other covenants.

**7.7 Governing Law.** THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK AND THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA IN FORCE THEREIN, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH JURISDICTION.

**7.8 Counterparts.** This Agreement may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which shall collectively constitute a single agreement, fully binding upon and enforceable against the parties hereto.

**7.9 Successors and Assigns.** Each Credit Party executing this Agreement agrees that all the rights, benefits and privileges herein and hereby conferred upon Lender Parties shall vest in, and be enforceable by Lender Parties and their successors and assigns. Each Credit Party executing this Agreement agrees that this Agreement shall bind such Credit Party's heirs, executors, administrators, personal representatives, successors and permitted assigns.

**7.10 Advice of Counsel.** Each of the parties hereto represents to each other party hereto that it has discussed this Agreement, and specifically, Sections 7.7, 7.12 and 7.13, with its counsel.

**7.11 No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

**7.12 Waiver of Trial by Jury.** EACH PARTY TO THIS AGREEMENT WAIVES TRIAL BY JURY IN ANY PROCEEDING RELATING TO THIS AGREEMENT OR ANY OF THE OTHER FINANCING DOCUMENTS AND AGREES THAT NO SUCH ACTION WITH RESPECT TO WHICH A JURY TRIAL HAS BEEN WAIVED SHALL BE SOUGHT TO BE CONSOLIDATED WITH ANY OTHER ACTION WITH RESPECT TO WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

**7.13 Consent to Jurisdiction.** EACH OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT HEREBY IRREVOCABLY ACKNOWLEDGES AND CONSENTS THAT ANY LEGAL ACTION OR PROCEEDING BROUGHT WITH RESPECT TO ANY OF THE OBLIGATIONS ARISING UNDER OR RELATING TO THE FINANCING DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, OR IF IT HAS OR CAN ACQUIRE JURISDICTION, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AS SUCH PERSON BRINGING SUCH ACTION OR PROCEEDING MAY ELECT, AND EACH OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT HEREBY IRREVOCABLY SUBMITS TO AND ACCEPTS WITH REGARD TO ANY SUCH ACTION OR PROCEEDING, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE

JURISDICTION OF THE AFORESAID COURTS. EACH OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURTS LACK JURISDICTION OVER SUCH PERSON AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THE FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY BROUGHT IN ANY OF THE AFORESAID COURTS, THAT ANY SUCH COURT LACKS JURISDICTION OVER SUCH PERSON. EACH OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PERSON, AT ITS ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE TEN (10) DAYS AFTER SUCH MAILING. EACH OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER DOCUMENTS CONTEMPLATED HEREBY THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. THE FOREGOING SHALL NOT LIMIT THE RIGHTS OF ANY OF LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. THE FOREGOING CONSENTS TO JURISDICTION SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS FOR ANY PURPOSE EXCEPT AS PROVIDED ABOVE AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PERSON OTHER THAN LENDERS AND CREDIT PARTIES EXECUTING THIS AGREEMENT.

*[Remainder of page intentionally left blank; signature pages follow.]*

IN WITNESS WHEREOF, this Agreement has been duly executed, delivered and sealed by the parties hereto as of the day and year specified at the beginning hereof.

**BORROWER:**

**OLYMPIC RANGE TREE FARM, LLC,**  
a Delaware limited liability company

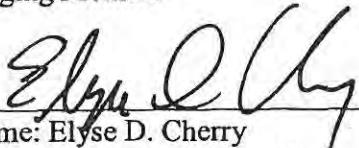
By: Brown Bear Forest, Inc.,  
Its Managing Member

By: Eva Greger Morse  
Name: Eva Greger Morse  
Title: President

**LENDERS:**

**BCC NMTC CDE IV LLC,**  
a Massachusetts limited liability company

By: BCLF Managed Assets Corporation,  
as Managing Member

By:   
Name: Elyse D. Cherry  
Title: Chief Executive Officer

**RDP 3 LLC**  
an Iowa limited liability company

By: Rural Development Partners, LLC,  
Its Managing Member

By: Brad Petersburg  
Name: Brad Petersburg  
Title: Managing Director