

RESTATED AND AMENDED

MARIN VALLEY MOBILE
COUNTRY CLUB PARK

DELEGATION AGREEMENT

between

CITY OF NOVATO

and

PARK ACQUISITION CORPORATION OF
MARIN VALLEY MOBILE COUNTRY CLUB

Dated as of March 31, 2012

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**RESTATED AND AMENDED MARIN VALLEY
MOBILE COUNTRY CLUB PARK
DELEGATION AGREEMENT**

This Restated and Amended Marin Valley Mobile Country Club Park Delegation Agreement (this "Agreement") is made and entered into as of March 31, 2012 between The City of Novato (the "Owner"), and the Park Acquisition Corporation of Marin Valley Mobile Country Club (the "PAC"), a California nonprofit, mutual benefit corporation duly organized and existing under the laws of the State of California.

STATEMENT OF AGREEMENT AND PREAMBLE

WHEREAS, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "JPA Law") permits two or more local public entities by agreement to jointly exercise any powers common to them; and

WHEREAS, certain counties and the City of Novato have entered into a Joint Exercise of Powers Agreement (the "Joint Powers Agreement") creating the California Local Government Finance Authority ("CLGFA") for the purpose, among other things, of assisting local agencies to obtain financing for public capital improvements whenever there are significant public benefits, and to make loans and enter into other agreements with local agencies; and

WHEREAS, CLGFA is authorized by the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, a resolution adopted by CLGFA on February 19, 1997 and the terms of the Trust Indenture dated as of March 1, 1997 (the "Indenture") by and between CLGFA and First Trust of California N.A., (the "Trustee") to issue \$15,485,000 aggregate principal amount of Senior Revenue Bonds, Series 1997A (Marin Valley Mobile Country Club Park Acquisition Project), Issued for the Benefit of the Novato Financing Authority (California), Facilitated by the California Local Government Finance Authority (the "Senior Bonds"), and \$1,585,000 aggregate principal amount of Subordinate Revenue Bonds, Series 1997B (Marin Valley Mobile Country Club Park Acquisition Project), Issued for the Benefit of the Novato Financing Authority (California), Facilitated by the California Local Government Finance Authority (the "Subordinate Bonds"); and

WHEREAS, the Novato Financing Authority (NFA), a joint powers authority duly organized and existing under the constitution and laws of the State of California and predecessor in interest to Owner borrowed the proceeds of the Senior Bonds and Subordinate Bonds (the "Bonds") from CLGFA (the "Loan") for the purpose of providing the permanent financing for the acquisition and improvement of the Marin Valley Mobile Country Club Park (the "Project") by the NFA; and

WHEREAS, the NFA and the PAC entered into the Marin Valley Mobile Country Club Park Delegation Agreement as of March 1, 1997 (the "Original Delegation Agreement") in order to establish and declare the terms and conditions upon which the PAC would perform certain

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obligations and duties with respect to the Project; and

WHEREAS, pursuant to section 4.02 of the Original Delegation Agreement, the Original Delegation Agreement was subject to periodic renegotiation, with the first of such renegotiation periods occurring on October 1, 2010; and

WHEREAS, on March 8, 2011, the NFA transferred ownership of the Project to the City of Novato and the NFA and the City of Novato entered into an Assignment and Assumption Agreement dated, March 8, 2011, whereby the City of Novato assumed the obligations and benefits of the Original Delegation Agreement; and

WHEREAS, in order to satisfy the periodic renegotiation obligations of Section 4.02 of the Original Delegation Agreement, amend the requirements thereof and continue to establish and declare the terms and conditions upon which the PAC will perform certain obligations and duties with respect to the Project, the Owner and the PAC wish to enter into this Restated and Amended Marin Valley Mobile Country Club Delegation Agreement (Agreement”); and

WHEREAS, all acts and proceedings required by law necessary to make this Agreement, when executed by the Owner and the PAC, the valid, binding and legal obligations of the Owner and the PAC, and to constitute this Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Agreement have been in all respects duly authorized by the respective parties thereto; and

NOW, THEREFORE, in consideration of, and in reliance upon, the covenants and conditions contained in this Agreement to be kept and performed by the respective parties, it is mutually agreed as follows:

ARTICLE I RELATIONSHIP OF THE PARTIES

This Agreement shall govern the relationship of the parties hereto and is the contract by which the PAC shall perform the duties delegated to it by Owner as to the operation and control of the Project and associated facilities.

Section 1.01.

The Owner. The Owner is the legal owner holding title to the Project and is responsible for the financial control and oversight of the Project.

Section 1.02.

The PAC. In performing its obligations under this Agreement, the PAC is engaged solely in the capacity of an independent contractor. It is expressly understood that no relationship between the Owner or the State of California and the PAC, other than that of independent contractor, has been or is intended to be created by this Agreement. This Agreement does not constitute, and the parties to it do not intend it to create a partnership or a joint venture, or the relationship of master and servant or principal and agent.

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ARTICLE II DEFINITIONS

The capitalized terms used herein which are included as defined terms in the Indenture shall have the same meanings defined for and assigned to them in the Indenture. Additionally, for the purposes of this Agreement, the following additional terms shall have the following meanings:

"Assured Guaranty" means Assured Guaranty Municipal Corporation (formerly known as Financial Security Assurance Inc.)

"Audited Financial Statements" means the balance sheet relating to operations of the Project pursuant to this Agreement as of the end of each Fiscal Year during the Term and the related statements of earnings and cash flows for the year then ended, prepared in accordance with generally accepted accounting principles and accompanied by an opinion thereon issued by an independent certified public accountant or accounting firm selected by the Owner and approved by Assured Guaranty in accordance with Section 8.03.

"Bond" or "Bonds" means, collectively, any one or all, as the case may be, of the Senior Bonds and the Subordinate Bonds.

"Budget" means income and expense projections for the Fiscal Year as required under the Management Agreement.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which (i) banking institutions in the City of New York, New York or San Francisco, California are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is authorized or obligated by law or executive order to be closed or (c) with respect to actions required to be taken by the Owner only, a day on which the offices of the City of Novato are closed to the public.

"Capital Plan" means the capital expenditure plan submitted by the Owner (or the Property Manager on its behalf) and approved by the Controlling Party, as provided in the Management Agreement and the Loan Agreement.

"Effective Date" means March 31, 2012.

"Fiscal Year" means the twelve-month period commencing July 1 and ending June 30 of the next calendar year.

"Hazardous Material" has the meaning set forth in Section 15.02.

"Indenture" means that certain Trust Indenture, dated as of March 1, 1997, by and between CLGFA and the Trustee, pursuant to which the Bonds are issued and secured, together with any amendments or supplements thereto.

"Management Agreement" means the management agreement in substantially the form set forth in Exhibit A hereto to be entered into between the Property Manager and the PAC.

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"Owner" means the City of Novato, its successors and assigns.

"PAC" means the Park Acquisition Corporation of Marin Valley Mobile Country Club, its successors and assigns.

"Project" means the Marin Valley Mobile Country Club Park as more fully described in the Loan Agreement.

"Property Manager" means, Frei Real Estate Services and any successor property manager appointed in accordance with the terms and provisions of the Management Agreement.

"Records" has the meaning set forth in Section 8.01.

"Renegotiation Year" has the meaning set forth in Section 4.02.

"Senior Mobilehome Park" means a mobilehome park as defined in section 798.4 of the California Civil Code where the occupancy of a mobilehome space is restricted such that at least one person occupying the mobilehome as a permanent resident must be age fifty-five (55) or older and that person must own or be a part owner of that mobilehome or the direct beneficiary of a trust or estate that owns that mobilehome.

"Term" means, as applicable, the Initial Term and each Subsequent Term (as such terms are defined in Section 4.01 hereof).

ARTICLE III THE PROJECT

The Owner, in reliance upon and in consideration of the representations, warranties, covenants and conditions contained in this Agreement, grants to the PAC, and the PAC, in reliance upon and in consideration of the representations, warranties, covenants and conditions contained in this Agreement, accepts from the Owner, subject to the restrictions stated in this Agreement, the exclusive right to operate and control the Project, subject to the provisions of this Agreement and the rights of Owner, for the purpose of providing land and a portion of the mobile home sites located at the Project to persons and families of low or moderate income within the City of Novato, California. The PAC is obligated to enter into a Management Agreement, which separates the PAC from the day-to-day management of the Project and provides for those duties to be performed by a professional property manager and have such an agreement in effect at all times. Said Management Agreement shall be in form and substance satisfactory to Owner and Assured Guaranty, and with a Property Manager approved by the Owner (which approval may not be unreasonably withheld and shall not be required if a Trigger Event or an Event of Default under the Indenture exists) and Assured Guaranty. The Owner hereby approves the form of Management Agreement attached hereto as Exhibit A and approves the Management Agreement with Frei Real Estate Services, in the form attached hereto, as Property Manager.

ARTICLE IV
TERM OF AGREEMENT

Section 4.01. Term of Agreement.

The initial term of this Agreement (the "Initial Term") shall be for the period beginning on the Effective Date and ending on the 31st day of December, 2012. On January 1, 2013 and each anniversary thereof, this Agreement will be extended for an additional term (each such term, a "Subsequent Term") consisting of the next 12 consecutive months, unless (a) an Event of Default exists under the Indenture, a default exists under this Agreement or a Trigger Event exists, or (b) the Owner or the PAC (with the consent, which shall not be unreasonably withheld, or at the direction, of Assured Guaranty) gives written notice to each other party hereto and to the Trustee and Assured Guaranty that it does not intend to extend the term of this Agreement, or (c) the parties hereto are unable to reach an agreement as described in Section 4.02 herein. This Agreement may be terminated at any time upon sixty (60) days prior written notice by either party to the other with the written consent of Assured Guaranty. If an Event of Default under the Indenture, a default under this Agreement or a Trigger Event exists, this Agreement may not be extended for a Subsequent Term without the prior written consent of Assured Guaranty, such consent to be in its sole discretion. Upon the termination or expiration of this Agreement, the Owner shall become obligated to assume immediately all of the PAC's duties, obligations and rights contained in the Mortgage Loan Documents including, without limitation, the obligation to enter into the Management Agreement with a Property Manager.

Section 4.02. Periodic Renegotiation.

On December 1, 2012 and on October 1, 2017; this Agreement shall be subject to review by both parties hereto. During this review period, the parties agree to meet together at mutually agreeable times for the review of this Agreement and, if necessary, to renegotiate one or more of the terms hereof. If the parties agree to modifications of this Agreement, such modifications, if consented to in writing by Assured Guaranty, shall be incorporated herein by amendment as hereinafter provided, such amendments to become effective on the date stipulated therein. If, after good faith negotiations, the parties cannot reach agreement on the proposed changes noticed for renegotiation by January 31 of the immediately succeeding year, this Agreement shall terminate as of such January 31.

Section 4.03. [RESERVED].

Section 4.04. Duties Upon Termination.

- (a) Upon the termination of this Agreement, the appointment of the PAC shall terminate.
- (b) In the event the PAC's duties, responsibilities and liabilities hereunder are terminated pursuant to this Agreement, the PAC shall discharge such duties and responsibilities during the period from the date it acquires knowledge of such termination until the effective date thereof with the same degree of diligence and prudence which it is obligated to exercise hereunder, and shall take no action whatsoever that might impair or prejudice the rights or financial condition of its

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successor or the Owner. Furthermore, the PAC agrees to cooperate with the Owner, the Trustee and Assured Guaranty and any successor hereunder in effecting the termination of the PAC's duties and responsibilities hereunder. The PAC shall, upon the request of the Owner but at the expense of the PAC, deliver to the Owner or the successor delegate all files, documents and records (including computer tapes and diskettes including data but not programs) relating to the Project, and otherwise use its best efforts to effect the orderly and efficient transfer of its rights, duties and responsibilities to the assuming party. The Owner and the PAC agree to perform their respective duties and obligations contained in the Mortgage Loan Documents.

- (c) Upon termination of this Agreement, the PAC shall return to the possession and control of Owner all of Owner's personal property located at the Project as the same has been identified on the Inventory of Owner Personal Property except any such property as has been approved for disposition or sale by Owner in writing.

ARTICLE V OPERATION AND CONTROL OF THE PROJECT

Section 5.01. Operation of the Project.

- (a) The PAC agrees to operate, maintain and control the Project in accordance with the terms of the Mortgage Loan Documents.
- (b) Subject to the provisions of this Agreement and the rights of Owner, PAC is obligated to enter into a Management Agreement, which separates the PAC from the day-to-day management of the Project and provides for those duties to be performed by a professional property manager. The responsibilities of the parties and the Property Manager shall be as set forth herein and in the Management Agreement. A "MVMCC Matrix of Roles and Responsibilities" is attached hereto as Exhibit C and incorporated herein by reference. In the event of an inconsistency between the terms of this Agreement, the Management Agreement and Exhibit C, Owner shall determine the resolution of said inconsistency (with the consent of Assured Guarantee). The PAC agrees to retain at all times the Property Manager and other experts experienced with providing management, advice and other duties with respect to mobile home parks in order to effectively perform its duties and responsibilities herein set forth. The fees and expenses of the Property Manager and other such experts shall be set forth in the Operating Budget and paid solely from Revenues of the Project as provided in Section 5.03(b) and (c) in the Indenture. The PAC shall enter into a Management Agreement with the Property Manager in substantially the form set forth in Exhibit A. Any and all changes, modifications or amendments to said Management Agreement proposed by PAC and the Property Manager shall require the advance written approval of the Owner and Assured Guarantee. If the Property Manager fails to perform any or all of its obligations under the Management Agreement in any material respect, the PAC agrees to immediately notify the Owner and Assured Guaranty in writing of such failure and, if directed by the Owner, with the consent of Assured Guaranty, or by Assured Guaranty, shall take such action as so directed by such party.

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- (c) The PAC shall not use or permit the Project, or any portion thereof, to be used for any purposes other than that set forth herein and in the Management Agreement, except as otherwise mutually agreed upon with the Owner with the prior written consent of Assured Guaranty.
- (d) The PAC shall, and shall ensure that the Property Manager shall, operate the Project in compliance with all applicable provisions of federal, state and local law, including, but not limited to, the Mobile Home Residency Law (California Civil Code, Section 798 et. seq.), Title 25 of the California Administrative Code and Ordinance No. 1341 of the City of Novato and any other applicable laws, regulations and ordinances now in effect or hereinafter enacted, and shall maintain any and all records necessary and proper to show compliance therewith. PAC shall not amend or notice the amendment of the Park Rules without the express written permission of Owner and full compliance with all state laws relating to the amendment of Mobilehome Park Rules (California Civil Code, Section 798.25).
- (e) In the exercise of its duties hereunder PAC understands that the Owner is a public agency and that the Project is subject to certain laws, rules and regulations applicable to property owned by a municipality. The PAC and each of the members of the Board of Directors thereof, shall ensure that its primary function and duty under this Agreement shall be for the operation of the Project on behalf of Owner and shall, in said regard, at all times operate the Project in the best interest of the Owner and in accordance with the laws, rules and regulations applicable to real property owned by a municipality. The Owner and PAC have a shared interest in operating the Project to preserve the health, safety and welfare of the residents of the Project, including the affordability of the housing and preservation of the use of the land upon which the Project is located as a senior mobilehome park (age 55 years or older). Neither PAC, nor any member of the Board of Directors thereof, shall undertake or take any action whatsoever which is adverse to Owner or Assured Guaranty in the operation and management of the Project nor shall PAC represent to any third party any ownership interest in the Project on the part of PAC. PAC, and each and every member of the Board of Directors thereof, shall direct all communication regarding the Mortgage Loan Documents only to Owner and shall not communicate directly with the CLGFA or Assured Guaranty except through the Owner. In the conduct of all of its meetings and business, PAC, and each and every member of the Board of Directors thereof, shall at all times adhere to the provisions of the Ralph M. Brown Act (California Government Code Section 50950 et seq.) as if the PAC were considered to be a Legislative Body subject to the provisions thereof. PAC shall conduct meetings of the Board of Directors of PAC at the Project site no less often than quarterly. The PAC shall timely provide Owner with copies of all agendas and minutes of the meetings of the Board of Directors of PAC.
- (f) In the exercise of its duties hereunder, PAC shall adhere, and shall cause the Property Manager to adhere, to the Owner's purchasing policy and the applicable provisions of the California Public Contract Code. In this regard, PAC shall, and shall cause the Property Manager to, follow the provisions of Exhibit B of the Management Agreement relating to any and all contracts or expenditure of Project

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- funds for any work of improvement on or at the Project.
- (g) PAC representatives shall meet quarterly with staff designated by Owner in order to review the actions undertaken by PAC and the Property Manager during the previous quarter, expected upcoming actions and to review the performance of the duties of PAC, Owner and Property Manager pursuant to this Agreement.
 - (h) PAC shall maintain an active website for the Project upon which it shall post information to residents regarding the Project including, but not limited to, agendas and minutes of all PAC board meetings, a description of the resident input process and forms for residents to submit relating to same, notifications regarding events or actions in the Project, monthly financial reports as submitted to Owner pursuant to the terms of this Agreement, a copy of the approved budget and mid-year budgets, notification regarding Owner meetings relating to the Project as requested by Owner and any other information requested by Owner to be placed on the website for the purposes of communication to the residents. Said website may also be used for the purposes of communication of information regarding the actions of HOL and MarVal meetings and activity but shall not be used for communication of personal messages or information from other organizations or entities. To the extent that Project funds are used for communication to residents within the Project in the form of a newsletter, posting, mailing, or other form of communication, such communication shall adhere to the same rules as set forth for the website. All information available on the website shall also be available at the clubhouse office in the Project so that it is available to those residents without computers. PAC shall provide the Property Manager, Assured Guaranty, and Owner access to the website through the PAC's website administrator so that the Property Manager and Owner can post information to the website for the residents. The PAC will ensure that information provided from the City, Assured Guaranty or the Owner is posted on the MVMCC web site within three business days of email receipt to the PAC's website administrator.
 - (i) Notwithstanding any provisions of its By-Laws to the contrary, during the Term of this Agreement, PAC shall not act to appoint any individual to fill a vacancy for an unexpired term on the PAC Board of Directors in any instance where the unexpired term of the vacant seat is less than six (6) months at the time of the vacancy. In the event of an appointment, the appointed seat shall stand for election at the next regular election for the remainder of the original term. In no instance shall a majority of the members of the PAC Board be appointed. During the Term of this Agreement, PAC shall hold all elections to the PAC board in accordance with the elections guidelines approved by PAC and Owner as the same may be amended and approved by each from time to time.

Section 5.02. Owner's Right of Entry.

The Owner and Assured Guaranty shall have the right, at reasonable times during the term of this Agreement, to enter upon the Project to the extent necessary to inspect the Project and the Records of the Project as described in Section 8.01 hereof.

**ARTICLE VI
CONSIDERATION**

The PAC shall not be entitled to receive compensation for its services hereunder, but shall be reimbursed for its actual verified expenses incurred in performing such services, including, but not limited to, reasonable fees and expenses relating solely to the performance of the obligations of PAC pursuant to the terms of this Agreement and as approved through the annual budget process as set forth herein. Such reasonable fees and expenses shall include the costs of an errors and omissions insurance policy for PAC and printing costs for the conduct of elections and meeting notices. Such reasonable fees and expenses shall not include legal or other fees or costs associated with the formation or operation of other entities, or costs associated with the acquisition of real or personal property by the PAC. All actual and verified reasonable expenses of the PAC in performing its services hereunder shall be payable as follows: (i) an amount not to exceed \$4,000 each Fiscal Year shall be included in the Budget as an operating expense, payable from Revenues of the Project as provided in Section 5.03(b) and (c) of the Indenture. The PAC shall provide a certificate to Property Manager and Owner setting forth all expenses incurred in performing such services and shall provide receipts or other proof of expenditures. Owners shall provide a copy of same to Assured Guaranty. Except as specifically set forth in the immediately preceding sentence, neither the PAC nor any officers, directors or employees of the PAC shall be permitted to receive or handle any funds related to the Project and the Bonds, it being expressly understood that the Property Manager shall have the sole right to collect revenues and other amounts related to the Project to be deposited into the Deposit Only Account, and to, receive certain amounts from the Trustee in order to maintain and operate the Project.

**ARTICLE VII
BUDGET APPROVAL AND EXPENDITURE LIMITATIONS**

Section 7.01. Annual Budget Approval.

The PAC shall ensure that a Budget is prepared for the Project and submitted for approval pursuant Section 9 of the Management Agreement. PAC shall further ensure that a Capital Plan is prepared for the Project and submitted for approval pursuant to Section 10 of the Management Agreement. PAC shall ensure that any and all changes to the proposed Budget and Capital Plan which are required by Owner and/or Assured Guaranty pursuant to Section 9 and 10 of the Management Agreement are incorporated into the Budget and/or Capital Plan prior to final adoption. PAC shall ensure that residents have an opportunity to provide input to PAC regarding the proposed Budget and Capital Plan prior to the submission of the proposed Budget and Capital Plan to Owner and Assured Guaranty for approval.

Section 7.02. Expenditure Limitations.

The PAC agrees that the following limitations will apply to its activities as they relate to financial matters:

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- (a) No member of the PAC's Board of Directors shall be entitled to receive any compensation for service in that capacity. The PAC's Board of Directors shall certify to the Owner on the Closing Date that none of such Directors have received any compensation from Bond proceeds or any other source of Bond proceeds or Project funds.
- (b) The annual expenditures for the Property Manager and other experts with respect to the Project shall be reasonable in amount and shall be contained in the Budget.
- (c) No expenditures related to the Project shall be inconsistent with the usual good practices in the mobilehome park industry in the San Francisco Bay area. All expenditures related to the Project shall, in the best business judgment of the PAC and the Property Manager be made for the benefit of the Project.
- (d) No expenditures of Project funds shall be made unless provided for in the Budget and Capital Plan or approved in advance by Owner and Assured Guaranty; or as outlined more specifically in the Management Agreement in Section 9(a) and Section 10 (h).
- (e) Notwithstanding approval of the Budget and Capital Plan by Owner and Assured Guaranty, any and all expenditures of Project funds for any work of improvement on or at the Project shall be made only in accordance with the provisions of Exhibit B of the Management Agreement hereto.
- (f) Notwithstanding approval of the Budget and Capital Plan by Owner and Assured Guaranty, reallocation of budgeted funds between major categories or line items within said categories shall be made only in compliance with Section 9 of the Management Agreement.

Section 7.03. Monthly Reports.

On the twentieth day of each month, commencing April 20, 2012, the PAC will cause the Property Manager to provide Assured Guaranty, the Owner and the PAC with a Profit & Loss Statement, Cash Flow Statement, Balance Sheet and Budget Control Report for the prior month. PAC shall post of copy of each of said documents on the Project website and shall make the same available in hard copy at the on-site office at the Project.

ARTICLE VIII RECORDS, REPORTS AND AUDITS

The PAC shall cause the Property Manager to maintain the books and records of the Project on an accrual basis and the books and records shall be audited annually by a firm of recognized certified public accountants selected by Owner and approved by Assured Guaranty.

Section 8.01. Maintenance of Records.

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The PAC shall cause the Property Manager to maintain, at the offices of the Project or Property Manager's office during the Term of this Agreement, papers, contracts, books, ledgers, journals, accounts and other data (collectively referred to as "Records") which (a) reflect the identity and interest of all persons having any beneficial interest, whether direct or indirect, in the PAC or the Project; (b) reflect the identity and capacity of all officers, directors and other persons having managerial responsibility of and for the PAC or the Project; (c) reflect all of the business activities of the Project; and (d) verify compliance with the provisions of the Pledge Agreement. These Records shall include, but not be limited to, the financial and other Records which reflect all of the receipts and disbursements of whatever nature from, on and after the date of delivery of the Bonds related to the Project.

Section 8.02. Examination of Records.

The PAC shall permit the Owner and Assured Guaranty to examine and, at the expense of the Project to have copies made of all Records required to be maintained pursuant to this Section. Any such examination and copying shall be during reasonable business hours and upon the giving of reasonable notice to the PAC or the Property Manager. PAC shall ensure that all resolutions, minutes, and reports of PAC or the Property Manager pertaining to the Project shall be sent to Owner within 48 hours of the preparation of same.

Section 8.03. Financial Statements.

The PAC shall cause to be furnished to the Owner and Assured Guaranty quarterly and annual financial statements with respect to the Project and the Agency in accordance with Section 2.02(c) of the Insurance Agreement. The expense of the annual audit required herein shall be paid or reimbursed from the Revenues of the Project as an operating expense included in the Budget.

Section 8.04. Reports and Certificates.

The PAC hereby undertakes to provide or cause the Property Manager to provide all reports and certificates required to be provided by the Owner pursuant to the Mortgage Loan Documents.

Section 8.05. Location of Records.

The Records shall be kept and maintained in such a manner as is usual and customary for businesses of the same type conducted in the State of California at the time and as required by Owner. In no event, however, shall those Records be less detailed and complete than is customary or required by law for privately held businesses of the same type in the State of California at the time of the execution of this Agreement. The PAC may not destroy or dispose of any Records of the Project or regarding the Project without the prior written consent of Owner. The actual destruction of records shall be approved and completed in accordance with Owner's record retention policy. Notwithstanding Owner's approval of any request to destroy Records, PAC shall ensure that prior to the destruction of any Records such Records have been offered to the Owner and Assured Guaranty for retention and/or copying.

ARTICLE IX

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MAINTENANCE AND ALTERATIONS TO THE PROJECT

Section 9.01. Personal Property.

The PAC shall provide and maintain in good repair all personal property and equipment which may be necessary to enable the PAC to operate the Project for the purposes authorized by this Agreement and to fulfill its obligations under this Agreement. Other than with respect to the Project, the Owner shall not be permitted the use of any personal property or equipment of the Project during the term of this Agreement. The Owner is not required to furnish or maintain any items of personal property or equipment. PAC shall not sell, transfer, gift, hypothecate, lend, or otherwise dispose of any of the personal property of Owner without the express written consent of Owner and in accordance with the surplus property disposition policies of Owner. To the extent that Project funds are at any time used to purchase or otherwise acquire or maintain any personal property to be used at the Project, said acquisition shall be made in accordance with the purchasing policy of Owner as set forth in Exhibit B of the Management Agreement and such personal property shall become the property of Owner.

Section 9.02. Mechanics Liens.

During the term of this Agreement, the PAC will not in any way encumber or cloud the title to the Project, or any part thereof, and will promptly pay and discharge any and all debts contracted by it in reference thereto for labor, material, or services or anything connected with or used by it upon the Owner's property to the end that no liens shall attach thereto. If, nevertheless, any such lien shall be recorded, such lien may be contested in good faith by the PAC with the written consent of Assured Guaranty and Owner.

**ARTICLE X
USE BY THIRD PARTIES**

Except in accordance with the provisions of this Article 10, PAC shall not rent, sublet, or permit the use of any portion of the Project (Club House) by any non-resident, business or individual except as the same may be guests of a resident at that resident's unit or as guests of a resident hosting a function at the facilities within the Project. All use of any portion of the Project by other than the PAC shall require compliance with the Owner's/PAC's facility rental policy as the same may be amended from time to time.

**ARTICLE XI
[RESERVED]**

**ARTICLE XII
INDEMNIFICATION AND INSURANCE**

Section 12.01. Indemnification.

The PAC agrees to indemnify, defend and hold harmless the Owner, Assured Guaranty,

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CLGFA and the Trustee and their respective officials, officers, agents, servants and employees, from and against any and all claims, demands, suits, causes of action or damages, of any kind or character, including reasonable attorneys' fees, and by whomever claimed, arising out of or in any way connected with (i) the operation and control of the Project by the PAC, (ii) any of the activities of the PAC, its agents, contractors, employees, concessionaires or assigns, conducted upon the Project or in connection with the operation and control of the Project, (iii) the PAC's performance under this Agreement or any other agreement to which the PAC is a party which pertains to the Project, (iv) the PAC's violation of or noncompliance with any applicable law, ordinance or regulation, and/or (v) the PAC's violation of any law, ordinance or regulation governing or pertaining to Hazardous Materials. However, the PAC shall have the right to contest the validity of any and all claims and demands and defend any and all such suits, causes of action, and claims for damages, of any kind or character and by whomsoever claimed, as the PAC may deem necessary or proper.

Section 12.02. Insurance Coverage.

- (a) The PAC shall cause the Property Manager to maintain in full force and effect at all times during the Term of this Agreement, the insurance coverage required under the Loan Agreement and the Insurance Agreement as required by Section 8 of the Management Agreement.
- (b) PAC shall ensure that such coverage shall name Owner as additional insured as required by the Management Agreement.
- (c) PAC shall further maintain in full force and effect at all times during the Term of this Agreement, insurance for PAC as set forth in Exhibit B, attached hereto. The funding for the insurance may be paid for from funds provided to the PAC under Article VI of this Delegation Agreement.
- (d) PAC shall ensure that any person, individual, firm or corporation using or renting the facilities within the Project, other than a resident or any resident using or renting the facilities within the Project for any purpose which involves the attendance of non-resident individuals shall be required to comply with Owner's insurance requirements for the rental of City buildings as the same may be amended from time-to-time.

Section 12.03. Evidence of Insurance.

Evidence of all insurance and endorsements as set forth above shall be provided by the PAC to the Owner, CLGFA and Assured Guaranty prior to the commencement of the Term of this Agreement, annually thereafter and otherwise at such times and in such manner as the Owner, CLGFA or Assured Guaranty shall from time-to-time request.

ARTICLE XIII ASSIGNMENT

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The PAC shall not assign, mortgage, pledge, hypothecate or otherwise dispose of this Agreement, or any of its rights, privileges, or obligations under this Agreement, or the Project or any portion of the Project, nor shall the PAC suffer any other person to operate the Project or any portion thereof, without the prior written consent of the Owner and Assured Guaranty, and then only upon such terms and conditions as may be prescribed by the Owner and Assured Guaranty. Any consent granted shall not be deemed to confer any right upon the PAC to thereafter do or suffer any of these prohibited acts. For the Term of this Agreement all of the members of the Board of Directors of PAC shall consist of tenants at the Project and no member of the Board of Directors shall be a member of the governing body of any other entity doing business with the Project or any for profit or not-for profit entity which proposes any sale or transfer of the Project to such entity.

ARTICLE XIV DEFAULT AND REMEDIES

The performance of each of the PAC's obligations under this Agreement is a condition as well as a covenant. The PAC's right to continue its operation and control of the Project is conditioned upon such performance.

Section 14.01. Events of Default.

The occurrence of any of the following shall constitute a default and breach of this Agreement by the PAC:

- (a) If the PAC is denied any license legally required to operate a mobilehome park or if the PAC ceases to operate the Project.
- (b) If the PAC fails to cause to be made any payment required by this Agreement, the Loan Agreement or the Insurance Agreement or any other charge to be paid by the PAC as and when due, where such failure continues for one Business Day after written notice thereof by the Owner, the Trustee or Assured Guaranty to the PAC.
- (c) If (i) a general assignment or general arrangement for the benefit of creditors made by the PAC; (ii) a petition for adjudication of bankruptcy or reorganization or rearrangement is filed by or against the PAC; (iii) there is appointed a trustee or receiver to take possession of substantially all of the PAC's assets; or (iv) substantially all of the PAC's assets are subjected to attachment, execution or other judicial seizure which is not discharged within 30 days.
- (d) Any representation or warranty made by the PAC under this Agreement, the Loan Agreement, the Management Agreement, the Insurance Agreement or any other agreement related to the Project or the Bonds to which the PAC is a party, or in any certificate or report furnished under this Agreement, the Loan Agreement, the Management Agreement, the Insurance Agreement or any other agreement related to the Project or the Bonds to which the PAC is a party, shall prove to be untrue or incorrect in any material respect as of the date when made or deemed to be made.
- (e) A continuing violation or breach of any covenant or material term of this Agreement, the Loan Agreement, the Management Agreement, the Insurance

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Agreement or any other agreement related to the Project or the Bonds to which the PAC is a party (other than a failure or breach described in another paragraph of this Section 14.01) for a period of 30 days after written notice of such breach is given to the PAC by the Owner, the Trustee or Assured Guaranty, provided that, if such failure shall be of a nature that it cannot be cured within 30 days, such failure shall not constitute an event of default hereunder if, within such 30-day period, the PAC shall have given notice to Assured Guaranty, the Trustee and the Owner of corrective action it proposes to take, which corrective action is consented to in writing by the Owner, the Trustee and Assured Guaranty, which consent shall not be unreasonably withheld or delayed, and the PAC shall thereafter pursue such corrective action diligently until such default is cured.

- (f) After notice and an opportunity to cure, a violation of the provisions of the Ralph M. Brown Act (California Government Code Section 50950 et seq.) relating to the meetings of the PAC Board of Directors.
- (g) Failure of the PAC to have a Property Manager operating the Project and a Management Agreement in effect at all times.
- (h) Failure of the PAC to respond, in a timely manner, to any written inquiry of the Owner or Assured Guaranty pertaining to any reports prepared pursuant to the Management Agreement.
- (i) An "Event of Default" has occurred under the Management Agreement.
- (j) An "Event of Default" has occurred under any agreement pertaining to the Project into which the PAC and/or the Property Manager have entered into.
- (k) Any claim, action, proceeding or lawsuit is filed by the PAC against the Owner.
- (l) Failure of PAC or any member of the Board of Directors thereof, to act in the best interest of the Project and Owner in performance of its duties pursuant to the Terms of this Agreement.
- (m) Any insurance is not procured or maintained as provided for in this Agreement as the result of any act or omission by the PAC.
- (n) Any member of the PAC Board of Directors or the Board as a whole takes any action other than action relating to the rental rates, or improvements to the Project, which results in personal financial gain to said individual or Board.

Section 14.02. Rights and Remedies.

Upon the occurrence of a default by the PAC, and at any time thereafter, with or without further notice or demand and without limiting the Owner in the exercise of any right or remedy which it may have, Assured Guaranty or the Owner (with Assured Guaranty consent) shall be entitled to terminate the PAC's rights hereunder by any lawful means, in which case this Agreement shall terminate and the PAC shall immediately surrender any and all control over the Project to

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the Owner. In such event, the Owner shall have the immediate right to remove all persons and property of the PAC and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of, the PAC, all without service of notice or resort to legal process and without becoming liable for any loss or damage which might be occasioned thereby.

Section 14.03. Procedure for Termination.

The Owner shall not be deemed to have terminated this Agreement, the PAC's rights hereunder or the liability of the PAC to pay any payment required under this Agreement, the Loan Agreement or the Insurance Agreement thereafter to accrue or its liability for damages under any of the provisions hereof, unless the Owner shall have notified the PAC in writing that it has so elected to terminate this Agreement.

Section 14.04. Cumulative Nature of Remedies.

All rights, options and remedies of the Owner contained in this Agreement shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and the Owner shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law whether or not stated in this Agreement.

Section 14.05. No Waiver.

No waiver of any default of the PAC hereunder shall be implied from any omission by the Owner or Assured Guaranty to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect default other than as specified in that waiver. The consent or approval by the Owner or Assured Guaranty to or of any act by the PAC requiring the Owner's or Assured Guaranty's consent or approval shall not be deemed to waive or render unnecessary the Owner's or Assured Guaranty's consent to or approval of any subsequent similar acts by the PAC. No waiver by the Owner or Assured Guaranty of a breach of any of the terms, covenants or conditions of this Agreement by the PAC shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition.

ARTICLE XV HAZARDOUS MATERIALS

Section 15.01. Prohibition of Storage.

The PAC shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Project, by the PAC, its agents, employees, contractors or invitees in a manner or for a purpose prohibited by any governmental agency or authority. If the presence of any Hazardous Material on the Project caused or permitted by the PAC prior to or during the term of this Agreement results in any contamination of the Project, the PAC shall promptly take all actions at its sole expense as are necessary to return the Project to the condition existing prior to the introduction of any such Hazardous Material to the Project, provided that the Owner's consent to such action shall first be obtained.

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Section 15.02. Definition of Hazardous Material.

As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (a) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7 or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (hazardous Waste Control Law); (b) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 2, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (c) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Substances); (d) petroleum; (e) asbestos; (f) listed under Article 9 and defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (g) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317); (h) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (i) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

ARTICLE XVI COMPLIANCE WITH LAW

The Owner represents and warrants to the PAC that this Agreement has been authorized and entered into by the Owner in compliance with all applicable laws. The PAC represents and warrants to the Owner that this Agreement has been authorized and entered into by the PAC in compliance with all applicable laws.

ARTICLE XVII MISCELLANEOUS PROVISIONS

Section 17.01. California Law Governs.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. The reference in this Agreement to any legislation shall be read as though the words for any statutory modifications or reenactments thereof or any statutory provisions substituted therefore, were added to such reference.

Section 17.02. Meaning of Headings.

The section headings of this Agreement are only to assist the parties in reading the Agreement and shall have no effect upon its construction or interpretation.

Section 17.03. Damage.

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The PAC shall not damage the Project or any part thereof, or permit any acts to be done thereon in violation of any law or which create a nuisance and shall not operate the Project or any part thereof for any immoral purpose.

Section 17.04. Assignability.

This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Notwithstanding any provision of this Agreement, this Agreement shall not be assigned or assignable by operation of law and in no event shall this Agreement be an asset of the PAC in any receivership, bankruptcy, insolvency or reorganization proceeding. Any assignment of this Agreement shall be subject to the provisions contained in the Loan Agreement and the written consent of Assured Guaranty.

Section 17.05. Partial Invalidity.

If any term or provision of this Agreement shall be held invalid or unenforceable to any extent under any applicable law by a court of competent Jurisdiction, the remainder of this Agreement shall not be affected and each remaining term and provision shall be valid and enforceable to the fullest extent permitted by law. To the extent that the provisions of applicable law may be waived, they are hereby waived to the end that this Agreement be deemed to be a valid and binding agreement and enforceable in accordance with its terms.

Section 17.06. Giving of Consent.

Whenever the Owner is required or authorized to give consent or approval to or authorization of, any act of the PAC, such consent, approval or authorization may be given by such committee or person as may be designated by the Owner. The action of such committee or person shall be binding on the parties for whom such action is taken.

Section 17.07. Entire Agreement.

This Agreement, along with any schedules, exhibits, attachments or other documents referred to, constitutes the entire and exclusive agreement between the Owner and the PAC relative to the operation and control of the Project. This instrument and such exhibits, attachments and other documents may be amended or revoked only by an instrument in writing signed by both the Owner and the PAC or their respective successors in interest. The Owner and the PAC agree that no prior agreement, understanding or representation pertaining to any matter covered or mentioned in this Agreement shall be effective for any purpose.

Section 17.08. Notices.

All notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, return receipt requested and postage prepaid. If any request, demand or notice is to be given by personal delivery it shall be given as follows: (a) in the case of the PAC, to the President of the Board of Directors; or (b) in the case of the Owner, to the Mayor or City Manager.

If any request, demand or notice is to be given by mail, it shall be delivered as follows:

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If to the Owner:

City of Novato
75 Rowland Way, Suite 200, Novato, CA 94945
Attn: City Manager

If to the PAC:

Park Acquisition Corporation of Marin Valley Mobile Country Club
100 Marin Valley Drive, Novato, CA 94949-9716
Attn: President

If to Assured Guaranty:

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attn: Risk Management Department

Any person or address set forth above may be changed, or other persons added, by giving notice in accordance with the provisions of this subsection.

Section 17.09. Third-Party Beneficiary.

Assured Guaranty and CLGFA shall be third-party beneficiaries to this Agreement, entitled to enforce the provisions hereof as if parties hereto. All consensus of Assured Guaranty required hereunder must be in writing to be effective.

Section 17.10. Conduit Facilitator.

All parties hereto recognize and agree that CLGFA is acting in the transactions contemplated herein solely in a conduit facilitating role to assist the substantive parties in achieving their goals; CLGFA is not a substantive party to such transaction; and CLGFA's agreements and obligations hereunder are solely for the purpose of passing through funds and substantive agreements and obligations of such substantive parties.

Section 17.11. Limited Obligation.

Under no circumstances shall the City of Novato or the Agency, or their respective officers, agents, employees or representatives, or the officers, agents, employees or representatives of the Owner, be liable under this Agreement.

Section 17.12. Non-discrimination.

The PAC covenants by and for itself, its successors and assigns and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, sex, physical handicap, disability, national origin, or ancestry in the operation and control of the Project; provided, however, that the PAC shall be allowed to

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maintain the Project as a “Seniors Only Facility” restricting spaces to residents who are 55, years old or older.

Section 17.13. Amendments.

This Agreement may be amended only by the mutual agreement of the Owner and the PAC, with the prior written consent of Assured Guaranty, evidenced by a written amendment duly executed by the Owner and the PAC.

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Section 17.14. Execution of Certain Documents.

The Owner hereby authorizes the PAC to enter into and to execute the Deposit Only Account Agreement on its behalf.

Section 17.15. Execution and Binding Effect.

This Agreement shall not be binding upon the Owner until it has been duly executed by the Owner.

Section 17.16. Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Owner has caused this Delegation Agreement to be executed by its Mayor, and the PAC has caused this Agreement to be executed by its President, all as of the 31st day of March, 2012.

CITY OF NOVATO, as Owner

By: Denise Athas
Denise Athas, Mayor

Attest: Sheri Hartz
Sheri Hartz, City Clerk

PARK ACQUISITION CORPORATION OF
MARIN VALLEY MOBILE COUNTRY CLUB

By: Michael Holland
Michael Holland, President

EXHIBIT A
MANAGEMENT AGREEMENT