

INTERCAP PROGRAM AGREEMENT

between

BOARD OF INVESTMENTS
OF THE STATE OF MONTANA

and

THE BOARD OF REGENTS OF HIGHER EDUCATION
FOR THE STATE OF MONTANA

as Borrower

on behalf of Montana State University
in respect of Loans secured on a Stand-Alone Basis

Dated as of January 2, 2007

This INTERCAP Program Agreement (this "Agreement"), dated as of January 2, 2007, and entered into between the Board of Investments of the State of Montana (the "Board"), a public board of the State of Montana, and The Board of Regents of Higher Education for the State of Montana (the "Borrower"), a public body and instrumentality of the State of Montana.

WITNESSETH:

WHEREAS, pursuant to Section 2-15-1808, Montana Code Annotated and Title 17, Chapter 5, Part 16, Montana Code Annotated, as amended (the "Act") and in accordance with the Indenture of Trust, dated as of March 1, 1991, and various Supplemental Indentures of Trust amendatory thereof or supplementary thereto entered into from time to time (as so amended and supplemented (the "Indenture")), between the Board and U.S. Bank National Association (successor to the First Trust Company of Montana National Association), as Trustee (the "Trustee"), the Board has established its INTERCAP Revolving Program pursuant to which the Board has issued and will issue, from time to time, its Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program) (the "Bonds"), for the purpose of making loans to Program Borrowers to finance or refinance the acquisition and installation of equipment, personal and real property improvements, to provide temporary financing of projects or for other authorized corporate purposes of Program Borrowers (the "Projects"); and

WHEREAS, the Borrower has authority under Article X, Section 9 of the Montana Constitution to supervise, coordinate, manage and control the Montana University System, including as a unit thereof, Montana State University (the "University"); and

WHEREAS, the Borrower is authorized to borrow money secured by the pledge of net income from revenue-producing facilities, student fees and other income in furtherance of its general control and supervision of the Montana University System, pursuant to Title 20, Chapter 25, Parts 3 and 4, Montana Code Annotated, as amended; provided, however, that the State is not to be obligated on such indebtedness and no State funds except those specified are to be obligated unless specifically directed by the Legislature, as provided in Section 20-25-405, Montana Code Annotated, as amended; and

WHEREAS, both the Board and the Borrower desire to enter into an arrangement which will allow the Borrower to borrow money under the INTERCAP Program on behalf of the University in respect of loans each secured on a stand-alone basis from specific revenues or assets as pledged from time to time in supplements to this Agreement.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereto hereby agree as follows:

ARTICLE I. DEFINITIONS AND RULES OF INTERPRETATION.

Section 1.01. Definitions. The following terms have the meanings indicated below for all purposes of this Agreement unless the context clearly requires otherwise. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Indenture.

"Act" means Section 2-15-1808, Montana Code Annotated and Title 17, Chapter 5, Part 16, Montana Code Annotated as now in effect and as it may from time to time hereafter be amended or supplemented.

"Adjustment Date" means the Initial Adjustment Date or a Subsequent Adjustment Date.

“Adjustment Period” means the period beginning on an Adjustment Date and ending on the day before the next succeeding Adjustment Date.

“Agreement” means this INTERCAP Program Agreement, including the Exhibits attached hereto, as it may from time to time be supplemented, modified or amended in accordance with the terms hereof and of the Indenture, including amendments or supplements effected by Supplemental Agreements.

“Amortization Schedule” means the schedule prepared by the Trustee for a loan advance to the Borrower showing the principal amount advanced, the amortization of the principal, and the interest and principal payments due on the Loan to the Subsequent Interest Adjustment Date.

“Application” means the application document to be used by the Borrower in applying for a Loan, in substantially the form of Exhibit A hereto.

“Board” means the Board of Investments of the State of Montana, a board organized and existing under the laws of the State or any successor to its functions hereunder.

“Bonds” means the Annual Adjustable Rate Tender Option Municipal Finance Consolidation Act Bonds (INTERCAP Revolving Program) authorized to be issued by the Board of Investments in one or more series from time to time for the Program.

“Borrower” means The Board of Regents of Higher Education for the State of Montana, a public body and instrumentality of the State of Montana, or any successor to its functions hereunder.

“Borrower Act” means Title 17, Chapter 5, Part 16, and Title 20, Chapter 25, Parts 3 and 4, Montana Code Annotated, as amended.

“Certificate of Revenues” means the document the University’s finance officer certifies as to sufficient Pledged Revenues available for the Loan Repayments, in substantially the form of Exhibit D hereto.

“Closing Date” means, in respect of a Loan, the date of the closing thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed thereunder.

“Collateral” means the real or personal property securing a Loan as provided in a Supplemental Agreement or a Security Instrument, if any, other than Pledged Revenues.

“Commissioner” or “Commissioner’s Office” means the Commissioner of Higher Education and the office of the Commissioner under the direction of the Borrower.

“Counsel” means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state.

“Default” means any occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Event of Default” means any occurrence or event described in Section 8.01 hereof.

“Fiscal Year” means, in respect of the Borrower, the twelve-month period beginning on July 1 and ending on June 30 in the succeeding calendar year or such other twelve-month period established as the fiscal year of the Borrower pursuant to State law.

“Indenture” means that certain Indenture of Trust, dated as of March 1, 1991, between the Board and the Trustee, as it may from time to time be supplemented, modified or amended in accordance with its terms.

“Initial Adjustment Date” means the first February 16 following the date of a Note.

“Initial Interest Rate” means the Loan Rate from the date of the Note to but not including the Initial Adjustment Date.

“Loan” means the loan of money by the Board to the Borrower under the terms of this Agreement pursuant to the Act, evidenced by a Supplemental Agreement and the Note.

“Loan Fund” means that fund created by Section 6.03 of the Indenture from which the Board funds loans to Program Borrowers.

“Loan Rate” means the rate of interest on the Loan as provided in Section 4.01 of this Agreement.

“Loan Repayment Date” means the 15th day of February and the 15th day of August or, if such day is not a Business Day, the next succeeding Business Day, during the term of a Loan.

“Loan Repayments” means the payments payable by the Borrower pursuant to Article IV of this Agreement.

“Loan Term” means the term provided for in Article III of this Agreement.

“Maximum Interest Rate” means the maximum rate of interest that may be borne by the Bonds under the Indenture, which currently is fifteen percent (15%) per annum.

“Note” means the promissory note to be executed and delivered by the Borrower to evidence a Loan in substantially the form set forth in Exhibit C attached hereto.

“Pledged Revenues” means those revenues pledged by the Borrower pursuant to a Supplemental Agreement to the repayment of a Loan.

“Program” means the Board’s INTERCAP Revolving Program established under the Act and the Indenture to fund loans to Program Borrowers.

“Program Borrowers” means those local government units and State agencies authorized by State law to borrow money from the Board under the Program, including the Borrower.

“Program Expenses” means the expenses of the Program, including (without limitation) the fees and expenses of the Trustee and such other fees and expenses of the Program or of the Board relating thereto as shall be approved from time to time by the Board.

“Project” means those items of equipment, personal or real property improvements to be acquired or installed and financed or refinanced or other facilities or services of the University authorized to be financed under the Borrower Act by the Borrower by a Loan under the Program.

“Project Costs” means the portion of the costs of the Total Project to be financed by the Loan. The Project Costs may not exceed the Loan Amount as set forth on the cover of the Supplemental Agreement relating to the Loan.

“Security Instrument” means a mortgage trust indenture, security agreement or other agreement or instrument pledging, assigning, mortgaging or otherwise transferring Collateral as security for one or more Loans.

“State” means the State of Montana.

“Subsequent Adjustment Date” means February 16 in the years the Loan remains outstanding other than the Initial Adjustment Date.

“Supplemental Agreement” means a supplement to this Agreement executed to evidence, with a Note, a Loan under the Program and this Agreement, in substantially the form set forth in Exhibit B attached hereto.

“Total Project” means the Project as described in Section 2 of the Application, of which some or all is to be financed by the Loan.

“Total Project Costs” means the entire cost of acquiring, completing or constructing the Total Project as further described in Section 2 of the Application.

“Trustee” means U.S. Bank National Association (successor to the First Trust Company of Montana National Association), a national banking association organized and existing under the laws of the United States, as trustee under the Indenture, or its successor as trustee as provided in the Indenture.

“University” means Montana State University, a unit of the Montana University System, under the management of the Borrower, or any successor to its functions.

Section 1.02. Rules of Interpretation. For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise clearly requires:

(a) “This Agreement” means this instrument as originally executed and as it may from time to time be modified, supplemented or amended.

(b) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder,” and “herewith” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities.

(e) The terms defined elsewhere in this Agreement shall have the meanings therein prescribed for them.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter gender.

(g) The headings or captions used in this Agreement are for convenience of reference only and shall not define or limit or describe any of the provisions hereof or the scope or intent hereof.

(h) This Agreement shall be construed in accordance with and governed by the laws of the State.

(i) "Or" is not intended to be exclusive, but to encompass or permit one, more or all of the alternatives conjoined.

Section 1.03. Exhibits. The following are exhibits to and hereby made a part of this Agreement:

- (a) Exhibit A: the form of Application;
- (b) Exhibit B: the form of Supplemental Agreement;
- (c) Exhibit C: the form of the Note; and
- (d) Exhibit D: the form of the Certificate of Revenues

ARTICLE II. RESPONSIBILITIES, REPRESENTATIONS, COVENANTS AND WARRANTIES OF BORROWER; SECURITY FOR THE NOTES.

Section 2.01. Responsibilities, Representations and Warranties. The Borrower hereby represents, warrants and covenants for the benefit of the Board, the Trustee and the Bondholders, as follows:

(a) Responsibilities of Commissioner's Office; Reliance and Approval by Board. The Commissioner's Office must approve every Loan request submitted by the University before it is submitted to the Board. For Loans in a principal amount equal to or greater than \$500,000, the Loan request must also be approved by resolution of the Borrower. The Commissioner's Office is responsible for evaluating each Loan request with sufficient diligence. Such review will consider the appropriateness of the Project to be financed in the context of the overall plans and policies of the Borrower and the University. The review process will also evaluate the identified source of the Pledged Revenues and any Collateral for both sufficient repayment ability and for compliance with existing contracts and statutes. Finally, the Commissioner's Office is responsible for assuring that each approved Loan request complies with all legislative directives, mandates and limitations.

The Board is entitled to rely on approval of the Commissioner's Office of a Loan in respect of such matters, but the Board may also undertake its own investigation of the Loan and the Borrower and the University hereby covenant and agree to provide the Board promptly with any information it may reasonably request with respect to a proposed Loan. Notwithstanding approval of a proposed Loan by the Commissioner's Office, the Board may, in its absolute and sole discretion, determine not to make the proposed Loan.

(b) Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the University in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the University, the availability or the amount of Pledged Revenues, the validity or enforceability of any Security

Instrument as to any Collateral or the status of title of the Borrower or University to any Collateral or the ability of the Borrower or the University to make all Loan Repayments and otherwise perform the obligations of the Borrower under this Agreement, any Security Instrument or any Note. The Commissioner will notify the Board in writing immediately upon his determination that any such litigation becomes pending or overtly threatened.

(c) Borrowing Legal and Authorized. The consummation of the transactions provided for in this Agreement and the subsequent execution and delivery from time to time of Supplemental Agreements, Security Instruments and Notes evidencing or securing Loans, including the pledge of the Pledged Revenues or any Collateral to the payment of and security for the Notes and the obligations of the Borrower hereunder:

(1) are within the powers and will be duly authorized by all necessary action on the part of the Borrower and the University; and

(2) will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower or the University pursuant to any indenture, loan agreement or other instrument (other than this Agreement, any Security Instrument and the Note) to which the Borrower is a party or by which the Borrower or the University may be bound, nor will such action result in any violation of the provisions of any state law, or resolutions of the Borrower or the University.

(d) No Violation. No event has occurred and no condition exists that, upon execution of this Agreement, and subsequently upon the execution of a Note and receipt of proceeds of a Loan, would constitute a Default or an Event of Default. Neither the Borrower nor the University is in violation in any material respect, and has not received notice of any claimed violation, of any term of any agreement, statute, ordinance, resolution, bylaw or other instrument to which it is a party or by which it or its property may be bound.

(e) Use of Proceeds. The Borrower will cause the University to apply the proceeds of a Loan to finance or refinance all or a portion of the Project Costs described in the Application relating to the Loan and for no other purpose without the prior written consent of the Borrower. All Projects shall be eligible for financing under the Borrower Act and otherwise in compliance with applicable law, including competitive bidding requirements.

(f) Completion of Projects; Payment of Excess Costs. The Borrower shall cause the University to proceed diligently to complete a Project upon the funding of the Loan therefor. The Borrower or the University shall pay any amount required for the acquisition, construction and equipping of a Project in excess of the amount of the Loan.

Section 2.02. Security for the Notes and Other Obligations of the Borrower Hereunder. The obligations of the Borrower under this Agreement and the Notes shall be secured by and payable from the Pledged Revenues, to the extent lawfully available in each Fiscal Year for the purpose of payment of Borrower's obligations under this Agreement and the Notes. Moreover, one or more Notes may be secured by Collateral as provided in a Security Instrument relating to the Note. In addition, the Borrower hereby covenants and agrees that in a Fiscal Year, to the extent the Pledged Revenues are insufficient therefor, that it will, as authorized by and according to applicable provisions and limitations of law, budget and appropriate for such Fiscal Year sufficient revenues with any Pledged Revenues, to pay the principal of and interest on the Notes when due.

Section 2.03. Covenants Relating to the Tax Status of Interest on Bonds.

(a) The Borrower covenants and agrees that it will not use or permit to be used any of the proceeds of the Notes or any other funds of the Borrower or the University, directly or indirectly, in a manner that would cause, or take any other action that would cause, any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or would otherwise cause the interest on the Bonds to be included in gross income for purposes of federal income taxation.

(b) The Borrower agrees that it will not enter into, or allow any “related person” (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds or any other obligations of the Board in an amount related to the amount of the Notes.

(c) The Borrower shall not use or permit the use of any Project directly or indirectly in any trade or business carried on by any person or entity who is not a state or local governmental unit. For the purpose of this subparagraph, use as a member of the general public shall not be taken into account and any activity carried on by a person other than a natural person shall be treated as a trade or business.

(d) The Borrower agrees that while a Note is outstanding it will not contract with or permit any person or entity who is not a state or local governmental unit to lease, manage or otherwise use the Project financed thereby or any portion thereof except according to a written management contract and upon delivery to the Board of an opinion of Bond Counsel to the effect that the execution and delivery of such management contract will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Section 2.04. Continuing Disclosure. The Borrower understands and acknowledges that the Board is making the Loans under the Program pursuant to which the Board issues from time to time Bonds to provide funds therefor. The Borrower covenants and agrees that, upon written request of the Board from time to time, the Borrower will promptly provide to the Board all information that the Board reasonably determines to be necessary or appropriate to offer and sell Bonds or to provide continuing disclosure in respect of Bonds, whether under Rule 15c2-12 (17 C.F.R. § 240.15c2-12) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or otherwise. Such information shall include, among other things and if so requested, financial statements of the Borrower or the University prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Montana law, as in effect from time to time (such financial statements to relate to a fiscal year or any period therein for which they are customarily prepared by the Borrower or the University, and, if for a fiscal year and so requested by the Board, subject to an audit report and opinion of an accountant or government auditor, as permitted or required by the laws of the State). The Borrower will also provide, with any information so furnished to the Board, a certificate of the Commissioner or the chief financial officer of the University to the effect that, to the best of his or her knowledge, such information does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make the statements made, in light of the circumstances under which they are made, not misleading.

ARTICLE III. APPLICATION SUBMISSION, PROCESS OF MAKING LOAN TO BORROWER, LOAN CLOSING SUBMISSIONS, INITIAL AND SUBSEQUENT LOANS, TERM OF LOANS.

Section 3.01. Application; Loan Processing.

(a) The University must submit a completed and signed Application for each Loan to the Commissioner’s Office. The Commissioner’s Office will review and determine the approval of the

application request on behalf of the Borrower, as further provided in Section 2.01(a) hereof. Upon approval, the Commissioner will sign the Application, date it and forward it to the Board. If the Board approves the Loan, it will sign the Application as approved and return it to the Commissioner's Office.

(b) It shall be the University's responsibility to inform the Board when Loan proceeds are needed and to submit invoices or other evidence of expenditures as described in Section 3.02(a) hereof. The University, upon the concurrence of the Commissioner's Office and the Board, will agree as to a loan disbursement date.

(c) The Board will prepare the Supplemental Agreement, Note and Security Instrument, if any, for any Loan approved and submit them to the Commissioner's Office.

(d) The Commissioner will execute the Supplemental Agreement, Note and Security Instrument, if any, and return them to the Board, after which funds will be disbursed to the State of Montana Treasury for the University.

Section 3.02. Loan Closing Submissions.

(a) A bill, or, if there are more than one, bills of sale, construction contract or contracts, invoice or invoices, purchase order or purchase orders or other evidence satisfactory to the Board that the Project has been purchased, ordered, constructed or installed by the Borrower or that any construction has been substantially completed and that payment therefor is due and owing or, if the Borrower is to be reimbursed, that payment has been made; and for any debt being refinanced, the cancelled note or other financing document or other evidence satisfactory to the Board of such refinancing.

(b) Such other closing documents and certificates as the Board or the Trustee may reasonably request.

Section 3.03. Initial and Subsequent Loans.

(a) For each Loan, the Borrower shall deliver to the Board an executed Supplemental Agreement, Security Instrument (if required by the Board) and Note, and other documents as the Board requires.

(b) For subsequent draws, if applicable, the Borrower shall deliver to the Board, an executed copy of a Disbursement Request and any other documents the Board requires.

Section 3.04. Term of Loans. The term of a Loan may not exceed the lesser of (i) 10 years or (ii) the useful life of the Project, as certified by the University.

ARTICLE IV. LOAN REPAYMENTS AND NOTE.

Section 4.01. Payment of Loan Repayments.

(a) The Loan Repayment Dates shall be on February 15 and August 15 of each year with the first Loan Repayment Date determined as follows:

<u>Date of Draw</u>	<u>First Loan Repayment Date</u>	<u>Payment Consisting of:</u>
February 15 through April 17	August 15	Principal and Interest
April 18 through June 16	August 15	Interest only

June 17 through August 14	February 15	Principal and interest from date of draw
August 15 through October 18	February 15	Principal and Interest
October 19 through December 17	February 15	Interest only
December 18 through February 14	August 15	Principal and Interest from date of draw

(b) Borrower hereby agrees to make Loan Repayments to the Trustee on each Loan Repayment Date to be calculated by the Trustee and consisting of the sum of the following items:

(i) Principal in an amount based upon the initial Amortization Schedule, the Amortization Schedule being initially determined utilizing the Initial Interest Rate. Each advance of the principal of the Loan as shown on the Amortization Schedule shall be repaid in semiannual installments on each Loan Repayment Date commencing on the first Loan Repayment Date following the date thereof and ending on the final maturity date set forth on the Amortization Schedule. Principal payments will not be adjusted but the interest payment will be adjusted as provided in Section 4.01 hereof.

(ii) Interest for each Adjustment Period at the Loan Rate.

(c) The Loan Rate shall equal the interest rate set by the Board from time to time for the Program for loans to Program Borrowers, and shall be adjusted for each Adjustment Period. Thus, the Loan Rate may in the future be significantly higher than the Initial Loan Rate. The Loan Rate generally is equal to the interest rate on the Bonds, as determined annually pursuant to the Indenture, plus up to 1½% per annum as is necessary to pay the Borrower's share of Program Expenses as determined by the Board in its sole and absolute discretion. The interest rate on the Bonds shall not exceed the Maximum Interest Rate.

(d) Within thirty days of each Adjustment Date the Trustee shall calculate the new interest component of the Loan Repayments and shall send a revised Amortization Schedule to the Borrower showing the amount of the Borrower's semiannual Loan Repayments.

(e) Loan Repayments may be made by check or wire transfer of funds to the Trustee.

Section 4.02. Supplemental Agreement, Security Instrument and Note. The Borrower shall execute a Supplemental Agreement and Note to evidence a Loan in substantially the forms attached hereto as Exhibits B and C, respectively, and, if required by the Board, a Security Instrument securing the Loan.

ARTICLE V. OPTION TO PREPAY LOAN

The Borrower may prepay the Loan in whole or in part upon giving 30 days' prior written notice to the Board and the Trustee. The prepayment price shall be equal to the sum of (a) the principal amount of the Loan to be prepaid, and (b) the accrued interest thereon to the date of prepayment. No premium or penalty shall apply to the prepayment of a Loan.

If the Loan is prepaid in part, the principal amount of the Loan shall be reduced by the portion of the prepayment representing principal and the Loan shall be reamortized by ratably reducing the principal portion of each remaining Loan Repayment.

ARTICLE VI. AGREEMENT – COMMENCEMENT AND TERMINATION.

Section 6.01. Commencement of Agreement. The term of this Agreement shall commence on the Closing Date of the first Loan.

Section 6.02. Termination of Agreement. This Agreement will terminate upon payment in full of all Loans and all other amounts due under this Agreement and the Notes and any Security Instrument and upon the full and complete performance and payment of all of the Borrower's obligations hereunder and thereunder.

ARTICLE VII. ASSIGNMENT.

Section 7.01. Assignment by Board to Trustee.

(a) The Borrower expressly acknowledges that all right, title and interest of the Board in and to this Agreement (except for the rights of the Board to indemnification pursuant to Section 10.07 hereof), the Security Instruments, if any, and the Notes have been assigned to the Trustee, as security for the Outstanding Bonds, under and as provided in the Indenture, and that if any Event of Default shall occur, the Trustee shall be entitled to act hereunder in the place and stead of the Board, as its assignee. In addition, the Borrower acknowledges that the Board has appointed the Trustee as servicer entitled to act hereunder in the place and stead of the Board. The Borrower hereby approves the Indenture and consents to such assignment and appointment. This Agreement, any Security Instruments and the Notes, including (without limitation) the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce performance by the Borrower of its other obligations hereunder, may be further assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of the Borrower. Forthwith upon any such assignment the Trustee shall notify the Borrower thereof.

(b) The Borrower acknowledges that payment of the Bonds does not constitute payment of the amounts due under this Agreement, any Security Instruments or the Notes.

Section 7.02. Assignment by Borrower. This Agreement may not be assigned or encumbered by the Borrower for any reason without the prior express written consent of the Trustee and the Board.

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES.

Section 8.01. Events of Default and Remedies.

If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Failure by the Borrower to pay any Loan Repayment required to be paid hereunder at the time specified herein and the continuation of such failure for a period of three (3) days after telephonic or telegraphic notice to the Borrower and the University by the Trustee that such payment has not been received.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, other than as referred to in Section 8.01(a) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower and the University by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the

Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of the Borrower or the University contained in this Agreement or a Security Instrument or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the Loan, including any Application, is false or misleading in any material respect;

(d) The Borrower files a petition in voluntary bankruptcy under the United States Bankruptcy Code or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(e) The Borrower is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days; or

(f) A default or an "event of default" occurs under a Security Instrument and is not cured within any applicable grace period thereunder.

Section 8.02. Notice of Default. The Borrower agrees to give the Trustee and the Board prompt written notice if any petition referred to in Section 8.01(d) is filed by the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

Section 8.03. Remedies on Default. If an Event of Default referred to in Section 8.01(d) or (e) shall have occurred, all Loans and all other amounts due by the Borrower hereunder shall be immediately due and payable, without notice or demand. Whenever any other Event of Default shall have happened and be continuing, the Trustee shall have the right to take any action permitted or required pursuant to the Indenture and shall take one or any combination of the following remedial steps:

(a) Declare all Loans and all other amounts due hereunder to be immediately due and payable, and upon notice to Borrower the same shall become immediately due and payable by Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its or the Board's rights hereunder, including without limitation, the appointment of a receiver as provided in the Act.

Section 8.04. Attorneys' Fees and Other Expenses. The Borrower shall on demand pay to the Board or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses incurred by either of them, or by any agency of the State selected by the Board to act on its behalf or by the Attorney General, in the collection of Loan Repayments or any other sum due or the enforcement of performance of any other obligations of Borrower upon an Event of Default.

Section 8.05. Application of Moneys. Any moneys collected by the Board or the Trustee pursuant to Section 8.03 hereof shall be applied to the payment of the principal of and interest on the Notes and the other obligations of the Borrower hereunder as the Board or the Trustee shall elect, after payment of all costs and expenses of the collection thereof.

Section 8.06. No Remedy Exclusive, Waiver and Notice. No remedy herein conferred upon or reserved to the Board or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or any Security Instrument or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board or the Trustee to exercise any remedy reserved to it in this Article VIII, it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII.

ARTICLE IX. DISCLAIMER OF WARRANTIES

THE BOARD AND ITS AGENTS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF ANY PROJECT OR ANY PORTION THEREOF OR ANY OTHER WARRANTY WITH RESPECT THERETO. In no event shall the Board or the Trustee or their respective agents be liable for any incidental, indirect, special or consequential damages in connection with or arising out of this Agreement or the Project or the existence, furnishing, functioning or use of any Project by the Borrower or the University or any item or products or services provided for in this Agreement.

ARTICLE X. MISCELLANEOUS.

Section 10.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or five days after mailed by certified mail, postage prepaid, to the Board, the Borrower, the University or the Trustee at the following addresses:

- (1) if to the Board, at:
Board of Investments of the State of Montana
2401 Colonial Drive, 3rd Floor
P.O. Box 200126
Helena, MT 59620-0126
Attention: Bond Program Officer
- (2) if to the Borrower, at:
The Board of Regents of Higher Education
for the State of Montana
2500 Broadway
P.O. Box 203101
Helena, Montana 59620-3101
Attention: Commissioner of Higher Education

(3) if to the University, at:

Montana State University
201 Montana Hall
P.O. Box 172440
Bozeman, MT 59717-2440
Attention: Vice President for Administration and Finance

(4) if to the Trustee, at:

U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Seattle Washington 98101
Attention: Corporate Trust Services PD-WA-T7CT

Any of the parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.02. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Board, the Borrower and their respective permitted successors and assigns.

Section 10.03. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.04. Amendments, Changes and Modifications. This Agreement may not be amended by the Board and the Borrower unless such amendment shall have been consented to in writing by the Trustee, other than a supplement effected by a Supplemental Agreement that authorizes a Loan and the issuance of a Note.

Section 10.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.06. Consents and Approvals. Whenever the written consent or approval of the Board shall be required under the provisions of this Agreement, such consent or approval may be given by the Executive Director and the Bond Program Officer of the Board, unless otherwise provided by law or by rules, regulations or resolutions of the Board or unless delegated to the Trustee.

Section 10.07. Indemnity. The Borrower agrees to indemnify and hold harmless the Board and the Trustee, their respective officers, employees and agents, from and against any and all losses, claims, damages, liability or expenses, of every conceivable kind, character and nature whatsoever, including but not limited to, losses, claims, damages, liabilities or expenses (including reasonable fees of attorneys, accountants, consultants and other experts) (collectively referred to hereinafter in this Section 10.07 as "Damages") as follows:

(a) For all Damages arising out of, resulting from or in any way connected with the Loan or this Agreement or any Security Instrument, without limitation; and

(b) For all Damages arising out of, resulting from or in any way connected with the acquisition, construction, installation or operation of a Project.

Notwithstanding the foregoing, the Borrower shall have no liability for damages solely arising out of, resulting from or connected to any loan made by the Board to any other Program Borrower.

Section 10.08. Waiver of Personal Liability. No member, officer, agent or employee of the Board shall be individually or personally liable for the making of the Loan or be subject to any personal liability or accountability by reason hereof.

IN WITNESS WHEREOF, the Board has executed this Agreement by its duly authorized officers and the Borrower has caused this Agreement to be executed in its name by its duly authorized officer as of the date first above written.

BOARD OF INVESTMENTS OF THE
STATE OF MONTANA

By Carroll South
Its Executive Director

(SEAL)

And By Louise Welsh
Its Bond Program Officer

BOARD OF REGENTS OF HIGHER EDUCATION FOR THE
STATE OF MONTANA

By: Sheila Stearns
Its: Commissioner of Higher Education

(SEAL)

ATTEST:

By: Mick Robinson
Its: Associate Commissioner for Fiscal Affairs

EXHIBIT A
TO PROGRAM AGREEMENT

[Form of Application]

**PROJECTS THAT HAVE BEEN REJECTED BY THE LEGISLATURE
ARE NOT ELIGIBLE TO BE FUNDED THROUGH INTERCAP.**

**STATE OF MONTANA BOARD OF INVESTMENTS
INTERCAP PROGRAM
APPLICATION FOR BOARD OF REGENTS INSTITUTIONS ONLY**

Please print or type and return completed application to:

Commissioner of Higher Education
Office of Fiscal Affairs
46 N. Last Chance Gulch
P.O. Box 203101
Helena, MT 59620-3101
Telephone: (406) 444-6570

1. Applicant Information Summary

- A. Applicant Name _____
B. Mailing Address _____
C. Officer Preparing Application _____ Title _____
Phone # _____ Fax # _____ E-Mail _____
D. Federal Employer Identification Number _____

2. Project Information

- A. Project Description* _____

*Please give specific details, e.g., type of vehicles, equipment, improvements, construction, etc. If more than one project, please indicate each separately.)

B. Funding Sources	<u>Amount</u>
University Portion	\$ _____
Other Funding sources (please specify source & amount)	\$ _____
	\$ _____
INTERCAP Portion	\$ _____
Total Project Cost	\$ _____

- C. Requested Loan Amount \$ _____

- D. Requested Loan Term: _____ Years

- E. INTERCAP loan funding date desired: _____

3. Source of Repayment of Loan - What source(s) of revenues will the University pledge toward this debt repayment?

<u>Revenue Source</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____

Type of Revenue Pledge (check one)
Surplus Net Revenue Pledge <input type="checkbox"/>
Direct Pledge <input type="checkbox"/>

Please include any additional information that would clarify or enhance the financial circumstances of the applicant or better describe the source of repayment of the loan. Attach separate sheets if necessary.

AUTHORIZATION

1. Required supplemental information to accompany the application is as follows:

Building alteration/addition/repair projects over \$150,000

- Copy of Governor’s letter of consent to project, in accordance to 18-2-102 Montana Code Annotated

Loans over \$500,000

- Copy of the Governor’s consent letter as stated above (if applicable)
- Copy of Board of Regents - Agenda Item approving project and authorization to secure loan through INTERCAP. Please include vote results.

2. By initialing each item, the preparer of this Application on behalf of the Applicant hereby certifies the following:

_____ that all of the information contained herein is true, accurate and complete as of the date hereof.
initials

_____ that this project has not been previously rejected by the Legislature.
initials

_____ that the Source of Repayment is a pledge of net income from revenue-producing facilities, student fees and other income in furtherance of its general control and supervision of the Montana University System, pursuant to Title 20, Chapter 25, Parts 3 and 4, Montana Code Annotated, as amended; provided, however, that the State is not to be obligated on such indebtedness and no State funds except those specified are to be obligated unless specifically directed by the Legislature, as provided in Section 20-25-405, Montana Code Annotated, as amended.
initials

Dated this _____ day of _____, 20____

By: _____
Its: _____

Board of Investments/Commissioner of Higher Education
-----Office Use Only-----

Application Received by Regents: _____
Date of Regents Preliminary Approval _____
By: _____
Title: _____

App. Received by BOI: _____
Date Approved by BOI : _____
Executive Director: _____
Bond Program Officer _____
Expiration of Application: _____

BOI Forwarded Approved Application to Commissioner's Office: _____
Commissioner's Office Notifies BOI of Loan Date: _____
BOI Forwarded Loan Closing Documents to Commissioner's Office: _____
Loan Funds Disbursed by BOI to Commissioner's Office: _____

EXHIBIT B
TO PROGRAM AGREEMENT

[Form of Supplemental Agreement]

SUPPLEMENTAL AGREEMENT NO. _____

to

INTERCAP PROGRAM AGREEMENT

between

BOARD OF INVESTMENTS
OF THE STATE OF MONTANA

and

THE BOARD OF REGENTS OF HIGHER EDUCATION
FOR THE STATE OF MONTANA

as Borrower

on behalf of Montana State University
in respect of Loans secured on a Stand-Alone Basis

Loan Amount: \$_____

Dated as of _____, 20__

THIS SUPPLEMENTAL AGREEMENT NO. _____ TO INTERCAP PROGRAM AGREEMENT (this "Supplemental Agreement No. _____"), dated as of _____, 20____, and entered into between the Board of Investments of the State of Montana (the "Board"), a public board of the State of Montana, and The Board of Regents of Higher Education for the State of Montana (the "Borrower"), a public body and instrumentality of the State of Montana.

WITNESSETH:

WHEREAS, the Board and the Borrower have entered into an INTERCAP Program Agreement, dated as of January 2, 2007 (as defined therein, the "Agreement"), pursuant to which the Board will make Loans under its INTERCAP Program from time to time to the Borrower to finance Projects on behalf of Montana State University (the "University") secured by Pledged Revenues and otherwise as provided in the Agreement and in Supplemental Agreements and Security Instruments, if any; and

WHEREAS, upon the making of a Loan, under the Agreement the Board and the Borrower are to enter into a Supplemental Agreement in respect of the Loan and the Borrower is to execute and deliver to the Board a Note evidencing the Loan; and

WHEREAS, the Supplemental Agreement may provide for Collateral to secure the Loan or other Loans pursuant to a Security Instrument; and

WHEREAS, this Supplemental Agreement No. _____ is entered into with respect to a Loan made to finance a Project as hereinafter described.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions. Terms used with initial capital letters but undefined herein shall have the meanings given them in the Agreement, unless the context hereof clearly requires otherwise.

Section 2. The Loan and the Project.

(a) The Loan evidenced by this Supplemental Agreement No. _____ ("Loan No.") shall be in the maximum principal amount of \$_____ and shall be evidenced by a Note of even date herewith ("Note No. _____").

(b) The Project to be financed with Loan No. _____ is described on Exhibit A to this Supplemental Agreement No. _____, which is hereby incorporated herein and made a part hereof.

Section 3. Pledge of Pledged Revenues.

(a) Identification of Pledged Revenues. For purposes of the Agreement, Supplemental Agreement No. _____ and Note No. _____, "Pledged Revenues" means, in respect of Loan No. _____.

(b) Pledge of Pledged Revenues. In consideration of the premises and the making of Loan No. _____ by the Board, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower does hereby pledge, grant, bargain, convey, and assign, and grant a security interest in, the Pledged Revenues to the Board and its successors and assigns forever, for the securing of the performance of the obligations of the Board under the Agreement and Note No. _____ and all other Notes outstanding from time to time.

(c) Financing Statements; Instruments of Further Assurance. The Borrower will, forthwith after the execution and delivery of this Agreement and thereafter from time to time, cause this Agreement and all documents securing this Agreement or any document securing any Notes (including any amendments and supplements thereof) and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice hereof and thereof and fully to perfect and protect the lien of the Agreement upon the Pledged Revenues or any part thereof and, from time to time, will perform or cause to be performed any other act as provided by law and authorize the execution of all continuation statements and further instruments that may be requested by the Board for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Borrower will pay or cause to be paid all filing and registration and recording fees incident to such filing and registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement, the Notes and such instruments of further assurance.

Section 4. Collateral and Security Instrument. [In respect of Loan No. _____, there is no Collateral and no Security Instrument to be delivered by the Borrower.] [\[If there is to be a Security Instrument, identify here.\]](#)

Section 5. Representations by the Borrower. The Board hereby ratifies and confirms in all material respects all representations and warranties it made in the Agreement, as heretofore amended or supplemented and as supplemented by this Supplemental Agreement No. _____, as of the date hereof in respect of Loan No. _____, [the Security Agreement identified in Section 4 hereof,] and Note No. _____ and all now outstanding Loans and Notes and reaffirms all of its covenants, agreements and obligations under the Agreement as so amended and supplemented and all Security Instruments.

Section 6. Execution in Counterparts. This Supplemental Agreement No. _____ may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7. Effect of Supplemental Agreement No. _____. This Supplemental Agreement No. _____ supplements the Agreement and shall be a part and subject to all of the terms of the Agreement. Except as supplemented hereby, the Agreement shall continue in full force and effect.

Section 8. Governing Law. This Supplemental Agreement No. _____ shall be governed by and construed in accordance with the laws of the State.

Section 9. Headings. The Section headings in this Supplemental Agreement No. _____ are for convenience of reference only and shall not affect the interpretation hereof.

IN WITNESS WHEREOF, the Board has executed this Supplemental Agreement No. _____ by its duly authorized officer and the Borrower has caused this Supplemental Agreement No. _____ to be executed in its name by its duly authorized officer as of the date first above written.

BOARD OF REGENTS OF HIGHER EDUCATION
FOR THE STATE OF MONTANA

By: _____
Its: Associate Commissioner for Fiscal Affairs

(SEAL)

ATTEST:

By: _____
Its: Director of Budget & Accounting

Board of Investments State of Montana hereby assigns the foregoing Loan Agreement and Promissory Note to U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana), as Trustee under the Indenture of Trust dated as of March 1, 1991.

BOARD OF INVESTMENTS OF
THE STATE OF MONTANA

By: _____
Its: Bond Program Officer

SUPPLEMENTAL AGREEMENT NO. _____

EXHIBIT A

DESCRIPTION OF THE PROJECT

EXHIBIT C
TO PROGRAM AGREEMENT

[Form of Note]

PROMISSORY NOTE

The Board of Regents of Higher Education
for the State of Montana

issued to evidence a Loan to finance a Project
on behalf of Montana State University pursuant to an
INTERCAP Program Agreement, dated as of _____, 20__
secured on a Stand-Alone Basis

Helena, Montana

FOR VALUE RECEIVED, The Board of Regents of Higher Education for the State of Montana (the "Borrower"), hereby promises to pay to the order of the Board of Investments of the State of Montana (the "Board"), or its assigns, the principal amount of \$_____ in repayment of a Loan under the Program Agreement (hereinafter defined) in installments on Loan Repayment Dates as provided in the Amortization Schedule attached hereto and as annually revised by March 15 for every year the Loan is outstanding, together with interest thereon in the amount calculated as provided in the Program Agreement, payable semiannually on February 15 and August 15 in the amounts and as provided in the Program Agreement and as set forth in the Amortization Schedule attached hereto as such may be revised from time to time in accordance with the Program Agreement.

This Note is issued pursuant to the INTERCAP Program Agreement, dated as of January 2, 2007, as heretofore amended and supplemented and as further supplemented by a Supplemental Agreement No. _____, dated as of the date hereof, each between the Board and the Borrower (as heretofore amended and supplemented and as so supplemented, the "Program Agreement"), and issued in consideration of and to evidence a loan made thereunder (the "Loan"). This Note has been assigned to the Trustee under the Indenture and payments hereunder shall be made directly to the Trustee for the account of the Board pursuant to such assignment. Such assignment has been made as security for the payment of the Bonds. All of the terms, conditions and provisions of the Program Agreement are, by this reference thereto, incorporated herein as a part of this Note. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Program Agreement, unless the context hereof clearly requires otherwise.

The obligations of the Borrower under this Note shall be secured by and payable from, equally and ratably with other outstanding Notes, the Pledged Revenues. In addition, the Borrower has covenanted and agreed in the Program Agreement that in a Fiscal Year, to the extent such Pledged Revenues are insufficient therefor, that it will, as authorized by and according to applicable provisions and limitations of law, budget and appropriate for such Fiscal Year sufficient revenues with any Pledged Revenues, to pay the principal of and interest on the Notes when due. The Notes may also be secured, in whole or in part, by Collateral pursuant to a Security Instrument as provided in a Supplemental Agreement.

The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without any defense or right of setoff, counterclaim or recoupment by reason of any default by the Board under the Program Agreement or under any other indebtedness or liability at any time owing to the Borrower by the Board or for any other reason.

This Note is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Article V of the Program Agreement upon the giving of 30 days notice to the Trustee.

If an "Event of Default" occurs under Section 8.01 of the Program Agreement, the principal of this Note may be declared due and payable in the manner and to the extent provided in Article VIII of the Program Agreement.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen and to be performed precedent to and in the issuance of this Note, in order to make it a valid and binding obligation of the Borrower according to its terms, have been done, do exist, have happened and have been performed in regular and due form, time and manner as so required.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, attested and delivered, as of this ____ day of _____, 20__.

BOARD OF REGENTS OF HIGHER EDUCATION
FOR THE STATE OF MONTANA

(SEAL)

By: _____
Its: Associate Commissioner for Fiscal Affairs

ATTEST:

By: _____
Its: Director of Budget & Accounting

Board of Investments of the State of Montana hereby assigns the foregoing Loan Agreement and Promissory Note to U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana), as Trustee under the Indenture of Trust dated as of March 1, 1991.

BOARD OF INVESTMENTS OF
THE STATE OF MONTANA

By: _____
Its: Bond Program Officer

-----Board of Investments Use Only-----

Loan Number: _____ Loan Amount: \$ _____
Unit: _____ Amount - this draw \$ _____
Funding Date: _____ Loan Dates: _____ to _____

EXHIBIT D
TO PROGRAM AGREEMENT

[Form of Certificate of Revenues]

CERTIFICATE OF REVENUES

The undersigned _____ hereby certifies with respect to the Supplemental Agreement
(University Finance Officer title)

No. _____ dated as of _____, 20 ____ by and between the Board of Regents of Higher Education for the State of Montana on behalf of Montana State University (the "Borrower") and the Board of Investments (the "Board") that:

1. Principal and interest are payable in semiannual installments on each Payment Date (as hereinafter defined), with principal payable on such Payment Dates, with interest then accrued and unpaid on the outstanding principal amount hereof. All outstanding principal, together with accrued and unpaid interest hereon, shall be payable on the final Payment Date. As used herein, "Payment Date" means each February 15 and August 15, commencing _____, 20____ and concluding _____, 20____.

The installments of principal and interest are payable at the office of U.S. Bank Trust National Association MT (formerly known as First Trust Company of Montana National Association) as trustee for the INTERCAP Program, in St. Paul, Minnesota, or such other place as the Board of Investments shall designate. If payment is made by wire or ACH, please fax to Maria Rosado (651) 495-8115 or e-mail to maria.rosado@usbank.com BORROWER NAME, LOAN NUMBER, and TOTAL PAYMENT at least one day prior to payment.

By Wire

U.S. Bank N.A.
ABA 091000022
Account #180121167365
Reference: Petrodata Intercap Loan
Borrower Name/Loan Number
Attn: Maria Rosado

By ACH

U.S. Bank Montana
ABA 091000022
Account #180121167365
Reference: Petrodata Intercap Loan
Borrower Name/Loan Number
Attn: Maria Rosado

By Check

U.S. Bank-SpA Lockbox CM9695*
P.O. Box 70870
St. Paul, MN 55170

*(This is the Payee that should be on the check too)

2. The Borrower's Pledged Revenues (as defined in the Supplemental Agreement No. _____, Section 3) will have sufficient revenues for the Loan Repayments defined above and is a source available to pledge in accordance with the Program Agreement dated January 2, 2007.

Dated this ____ day of _____, 20____.

BOARD OF REGENTS OF HIGHER
EDUCATION FOR THE STATE OF
MONTANA

MONTANA STATE UNIVERSITY

By _____
Its _____
(University Finance Officer title)