

described in **Exhibit A** attached hereto, together with all additions thereto and substitutions therefor.

"Unassigned Rights" means the rights of the Authority hereunder that are not assigned to the Trustee under the Master Indenture, including the right of the Authority to receive Administrative Expenses and Rebate Amounts, and any right of the Authority to receive any notices, certificates, requests, requisitions or other communications under this 2000A Loan Agreement.

Section 1.2. Rules of Construction. The following rules shall apply to the construction of this 2000A Loan Agreement unless the context otherwise requires:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this 2000A Loan Agreement.

(c) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this 2000A Loan Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Authority. The Authority makes the following representations as the basis for its undertakings under this 2000A Loan Agreement:

(a) The Authority is a body corporate and politic, constituting a public corporation and governmental instrumentality of the Commonwealth, duly created by the Act.

(b) The 2000A Project constitutes a "project" within the meaning of Section 23-30.24 of the Act.

(c) The undertaking by the Authority to purchase the 2000A Note and to enter into this 2000A Loan Agreement has been authorized in the Act. The Authority has the power to purchase the 2000A Note and to enter into this 2000A Loan Agreement and to issue the 2000A Bonds to provide funds for such purchase.

(e) The Authority (i) has the power to enter into and to carry out its obligations under the Master Indenture, the Fourth Supplemental Indenture and this

2000A Loan Agreement and to issue the 2000A Bonds to finance the Cost of constructing the 2000A Project, (ii) by proper action has duly authorized the execution and delivery of and performance of its obligations under the Master Indenture, the Fourth Supplemental Indenture and this 2000A Loan Agreement and the issuance of the 2000A Bonds, and (iii) simultaneously with the execution and delivery of this 2000A Loan Agreement has duly executed and delivered the Fourth Supplemental Indenture and issued and sold the 2000A Bonds.

(f) The Authority is not in default under or in violation of the Master Indenture, the Fourth Supplemental Indenture, this 2000A Loan Agreement or the 2000A Bonds, and the execution, delivery and compliance by the Authority with the terms and conditions of the Master Indenture, the Fourth Supplemental Indenture, this 2000A Loan Agreement and the 2000A Bonds will not conflict with or constitute or result in a default under or violation of (i) the Act or any other existing law, rule or regulation applicable to the Authority or (ii) any indenture, security agreement, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Authority or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(g) No further approval, consent or withholding of objection on the part of any regulatory body or any federal, state or local official is required in connection with (i) the issuance and delivery of the 2000A Bonds by the Authority, (ii) the execution or delivery of, or compliance by the Authority with the terms and conditions of, the Master Indenture, the Fourth Supplemental Indenture, this 2000A Loan Agreement or the 2000A Bonds, or (iii) the pledge and assignment made by the Authority to the Trustee under the Master Indenture.

(h) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the Authority's knowledge, threatened against it with respect to (i) the creation and existence of the Authority, (ii) its authority to execute and deliver the Master Indenture, the Fourth Supplemental Indenture, this 2000A Loan Agreement or the 2000A Bonds, (iii) the validity or enforceability of any of such instruments, (iv) the title of any officer of the Authority who executed such instruments, or (v) any authority or proceedings related to the execution and delivery of such instruments on behalf of the Authority (and no such authority or proceeding has been repealed, revoked, rescinded or amended, but each is in full force and effect).

Section 2.2. Representations by Institution. The Institution makes the following representations as the basis for its undertakings under this 2000A Loan Agreement:

(a) The Institution is an "educational institution" as defined in the Act, has all requisite power to enter into and to perform its obligations under this 2000A Loan Agreement and by proper action has duly authorized the execution and delivery of the 2000A Note and this 2000A Loan Agreement.

(b) The execution, delivery and compliance by the Institution with the terms and conditions of the 2000A Note and this 2000A Loan Agreement, will not conflict with, or constitute or result in a default under or violation of, (i) the Act or any other existing law, rule or regulation applicable to the Institution or (ii) any indenture, security agreement, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Institution or any of its assets is subject.

(c) The Institution has obtained all consents, permits, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by it as a condition precedent to the issuance of the 2000A Bonds or the execution and delivery of the 2000A Note and this 2000A Loan Agreement or the performance of its obligations thereunder or hereunder, or that are required at the time of the issuance of the 2000A Bonds for the construction of the 2000A Project. The Institution has no reason to believe that it will not be able to obtain any such consents, permits, approvals, authorizations, or orders as may subsequently be needed for the construction or operation of the 2000A Project.

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Institution pending or, to the knowledge of the Institution, threatened which would have a material adverse effect upon the construction or operation of the 2000A Project or the validity of or the performance of the Institution's obligations under the 2000A Note or this 2000A Loan Agreement.

(e) The 2000A Note and this 2000A Loan Agreement constitute legal, valid and binding obligations and agreements of the Institution, enforceable against the Institution in accordance with their terms.

(f) The 2000A Project constitutes and will constitute a "project" within the meaning of Section 23-30.24 of the Act. The Institution intends to use the 2000A Project for, and believes the 2000A Project will be essential to, the educational purposes of the Institution.

(g) The Institution shall take all steps necessary, including requesting appropriations from the General Assembly, during the term of this 2000A Loan Agreement to enable the Institution to make its Payments and to meet all of its other obligations hereunder.

(h) The Institution is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such an event of default.

(i) In connection with the execution, issuance and delivery of the 2000A Note, the execution and delivery of this 2000A Loan Agreement and the undertaking and development of the 2000A Project, the Institution has taken all necessary actions under, and has received all consents and approvals required by, Chapter 3 of Title 23 of the Virginia Code.

ARTICLE III

CONSTRUCTION OF 2000A PROJECT

Section 3.1. Construction of 2000A Project. The Institution agrees that it will complete or cause to be completed the construction of the 2000A Project with such reasonable dispatch as it shall deem prudent in the conduct of its affairs, and that the 2000A Project will at all times until the 2000A Bonds are paid in full be a "project" within the meaning of the Act and Section 23-15 of the Virginia Code. If the proceeds of the 2000A Note made available to the Institution are insufficient to complete the 2000A Project, the Institution will provide other available moneys to complete the development of the 2000A Project. As each part of the 2000A Project is constructed, each item of the 2000A Project shall be deemed to be a part of the "2000A Project."

The Institution shall obtain all permits, consents and approvals required in connection with the construction and operation or use of the 2000A Project.

With the prior written consent of an Authority Representative, Exhibit A hereto may be amended or supplemented by the Institution from time to time, to add to or remove from the 2000A Project any item or interest therein or to change the nature of all or any part of the facilities constituting the 2000A Project; **provided**, that there shall be delivered by the Institution to the Authority in connection with any such amendment or supplement:

(i) a certificate of the Authorized Representative of the Institution describing the proposed changes and stating that they will not have the effect of disqualifying the 2000A Project as a "project" within the meaning of the Act;

(ii) a copy of the amendment or supplement to Exhibit A hereto and such other documents, certificates and showings as may be required by Bond Counsel rendering the opinion in clause (iii) of this paragraph; and

(iii) an opinion of Bond Counsel selected by the Authority, but at the expense of the Institution, to the effect that such amendment complies with the requirements of this Section 3.1 and that the exclusion from gross income for federal income tax purposes of interest on the Bonds is not adversely affected by reason of such amendment and the changes in the 2000A Project contemplated thereby.

Section 3.2. Completion/Expenditure Certificate. Upon the completion or abandonment of the construction of the 2000A Project (or each component of the 2000A Project if more than one project is described on Exhibit A), the Institution shall promptly deliver to the Authority and the Trustee a certificate signed by an Authorized Representative of the Institution stating that the 2000A Project (or such component) has been abandoned or constructed substantially in accordance with this Article III and in substantial compliance with all material applicable laws, ordinances, rules and regulations. If, prior to the completion or the abandonment of the 2000A Project (or such component), the Institution is submitting a requisition for a withdrawal from its Construction Account which will cause the aggregate amount so requisitioned to equal the sum of the amounts shown on Exhibit C to the Fourth Supplemental Indenture as the amount deposited to the Construction Account for the 2000A Project (or such component) and the anticipated investment earnings on the amount deposited, the Institution shall promptly deliver to the Authority and the Trustee a certificate signed by an Authorized Representative of the Institution stating that such requisition is being submitted. If, prior to the completion or the abandonment of the 2000A Project (or such component), the Institution determines that it has expended (or that upon payment of a requisition for a withdrawal from its Construction Account it will have expended) for the 2000A Project (or such component), whether from expenditures of bond proceeds or other funds, an amount equal to the sum of (1) the amount authorized by the General Assembly of the Commonwealth for the 2000A Project (or such component), as indicated on Exhibit C to the Fourth Supplemental Indenture, as such Exhibit may be amended or supplemented, plus (2) any applicable issuance costs, reserve funds and other financing expenses related to such 2000A Project (or such component), then the Institution shall promptly deliver to the Authority and the Trustee a certificate signed by an Authorized Representative of the Institution stating such fact.

Upon delivery of such certificate, the Trustee (A) has agreed in the Master Indenture to cause to be calculated the estimated Rebate Amount allocable to such Construction Account for such 2000A Project and (B) will transfer from such Construction Account to the Rebate Fund, prior to paying the amount of any requisition to the Institution, an amount not greater than the estimated Rebate Amount so calculated.

Section 3.3. Application of Proceeds of 2000A Bonds. In order to provide funds for payment of the Cost of the Project, the proceeds of the moneys received by the Institution from the purchase of the 2000A Note by the Authority shall be applied by the Institution to such payment, as provided in the Master Indenture, the Fourth Supplemental Indenture and this 2000A Loan Agreement.

If money is being requisitioned by the Institution to pay any Costs of the 2000A Project, the Institution will retain for the life of the 2000A Bonds and will provide to the Trustee or the Authority upon request, an invoice, canceled check or other appropriate evidence of the obligation described in such requisition.

Section 3.4. Default in Contractors' Performance. In the event of a default, breach of contract, or failure to perform of any supplier, contractor or subcontractor under any contract for the construction of 2000A Project, the Institution will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Authority or the Institution, as agent for the Authority, against the supplier, contractor or subcontractor so in default and against each surety for the performance of such contractor. The Institution agrees to advise the Authority, in writing, of the steps the Institution intends to take in connection with any such default. If the Institution shall so advise the Authority, the Institution may, in good faith, in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take other action involving any such supplier, contractor, subcontractor or surety which the Institution deems reasonably necessary, and in such event the Authority agrees to cooperate fully with the Institution. Unless some other disposition is approved by the Authority, amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Institution's Construction Account established for the 2000A Project under the Master Indenture.

Section 3.5. Disclaimer of Warranties. The Institution recognizes that since the 2000A Project will be constructed at the Institution's request and by suppliers selected by the Institution, in accordance with its specifications, **THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY ITEM OF THE 2000A PROJECT OR ITS SUITABILITY FOR THE INSTITUTION'S PURPOSES, AS TO THE ABSENCE OF ANY DEFECTS, LATENT OR PATENT, OR AS TO ANY DEFECT IN THE DESIGN OF THE 2000A PROJECT.**

Section 3.6. Closing Submissions. Concurrently with the execution and delivery of this 2000A Loan Agreement, the Institution is providing to the Authority and the Trustee the following:

(a) an opinion of counsel for the Institution as to the due authorization, execution, delivery and enforceability of the 2000A Note and this 2000A Loan Agreement, in substantially the form attached hereto as **Exhibit C**;

(b) if requested by the Authority, evidence of the insurance coverage required by Section 5.3;

(c) such other certificates, documents and other information as the Authority, Bond Counsel or the Trustee may reasonably require, including, without limitation, a certificate as to the reasonable expectations of the Institution as to the expenditure and investment of the proceeds of the 2000A Note.

All such opinions and certificates shall be dated the date of issuance of the 2000A Bonds.

ARTICLE IV

ISSUANCE AND PURCHASE OF 2000A NOTE; TERM; PAYMENT PROVISIONS

Section 4.1. The 2000A Note.

(a) To evidence the loan being made hereunder from the Authority to the Institution, the Institution agrees to issue its 2000A Note, substantially in the form attached hereto as **Exhibit B**, and to sell the 2000A Note to the Authority at a price of par.

(b) The 2000A Note and this 2000A Loan Agreement shall become effective on the date of issuance and delivery of the 2000A Bonds by the Authority and, unless sooner terminated in accordance with this 2000A Loan Agreement, terminate upon Payment of the Bonds.

Section 4.2. Payments.

(a) **Basic Payments.** The Institution hereby promises to pay to Trustee for the account of the Authority the following Basic Payments under the 2000A Note and this 2000A Loan Agreement on the dates and in the amounts as follows, subject, in each case, to the credits described in Section 505 of the Master Indenture and time being of the absolute essence of this obligation:

(1) On each February 15 and August 15 the amount, in immediately available funds, which together with other money available in the Bond Fund and allocable to the 2000A Note, will equal the interest coming due on the next succeeding Interest Payment Date on that portion of the 2000A Bonds issued to purchase the 2000A Note; and

(2) On each August 15 the amount, in immediately available funds, which together with other money available in the Bond Fund and allocable to the 2000A Note, will equal the principal coming due (whether at maturity or upon mandatory sinking fund redemption) on the next succeeding Principal Payment Date on that portion of the 2000A Bonds issued to purchase the 2000A Note.

A schedule of the dates and amounts of the installments of Basic Payments due as of the date hereof is attached to the 2000A Note.

(b) **Additional Payments.** The Institution hereby promises to pay as Additional Payments for the 2000A Project, (i) on each February 15 and August 15, to the Trustee, its reasonable fees for services rendered and expenses reasonably incurred by or on behalf of it as Trustee under the Master Indenture, as bond registrar and as paying agent on that portion of the 2000A Bonds issued to purchase the 2000A Note, including the reasonable attorneys' fees incurred by the Trustee and any cost or

expense necessary to cancel and discharge the Master Indenture and the Fourth Supplemental Indenture upon Payment of the Bonds, and all other amounts which the Institution has assumed or agreed in this 2000A Loan Agreement to pay, (ii) within thirty (30) days after written demand is made by the Authority to the Trustee and the Institution, amounts necessary to make the payments to the United States required under Section 148(f) of the Code with respect to that portion of the 2000A Bonds issued to finance the purchase of the 2000A Note to the extent funds are not available in the Rebate Fund to make such payment (the "Rebate Amount"), (iii) by no later than fifteen (15) days prior to each date on which a premium may be payable on the 2000A Bonds, that portion of such premium allocable to that portion of the 2000A Bonds issued to purchase the 2000A Note (the "Premium Amount"), (iv) on the date that the 2000A Bonds are issued, an amount equal to the Authority's issuance fee of \$_____ and (v) within thirty (30) days after written demand is made by the Authority to the Institution, the reasonable fees for services rendered and expenses reasonably incurred by any professional and reasonably allocable to the Institution with respect to the offering, remarketing or administration of the 2000A Bonds, including the calculation of any Rebate Amount.

Section 4.3. Interest upon Default in Payments. The Institution hereby promises to pay, if any installment of Basic Payments is not paid on or before its due date, interest on the amount not paid, from and after such due date to the date such payment will be applied to the payment of the 2000A Bonds, at the rate per annum that will yield the amount necessary to pay the interest due on that portion of the 2000A Bonds issued to finance the purchase of the 2000A Note, such interest to be paid on the date such late payment of Basic Payments is made, time being of the absolute essence of this obligation.

Section 4.4. Payments Assigned. It is understood and agreed that all payments required to be made by the Institution pursuant to the 2000A Note and Sections 4.2 and 4.3 (except payments made to the Trustee or the Authority pursuant to Section 4.2(b)(i) or (iv), the Rebate Amounts paid pursuant to Section 4.2(b)(ii), and the payments to other professionals pursuant to Section 4.2(b)(v)) and the rights of the Authority hereunder, except the Unassigned Rights, are pledged and assigned by the Indenture. The Institution consents to such pledge and assignment. The Authority hereby directs the Institution and the Institution hereby agrees to pay or cause to be paid to the Trustee all said amounts, except payments to the Authority pursuant to Section 4.2(b)(iv) and payments to other professionals pursuant to Section 4.2(b)(v).

Section 4.5. Nature of Obligations of Institution.

(a) **Obligations Unconditional.** Except as otherwise provided in this Section 4.5, the obligation of the Institution to make Payments and to pay all other amounts provided for in the 2000A Note and this 2000A Loan Agreement and to perform its obligations under the 2000A Note and this 2000A Loan Agreement shall be absolute and unconditional, and such Payments and other amounts shall be payable without any rights of set-off, recoupment or counterclaim that the Institution or the

Commonwealth might have against the Authority, the Trustee or any other person and whether or not the 2000A Project is used or operated by the Institution or available for use or operation by the Institution. Except as otherwise provided in this Section 4.5, the Institution shall not suspend or discontinue its payments of Payments or its performance of its obligations under the 2000A Note and this 2000A Loan Agreement or terminate the 2000A Note or this 2000A Loan Agreement, or be excused from performing its obligations under the 2000A Note and this 2000A Loan Agreement for any cause whatsoever, including without limitation, (i) any acts or circumstances that may constitute a failure of consideration, failure or loss of title, or frustration of purpose, (ii) any damage to or destruction of all or any part of the 2000A Project, (iii) the failure of the Authority or the Trustee to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this 2000A Loan Agreement, (iv) any change in the tax or other laws of the United States of America, the Commonwealth or any political subdivision of either, (v) the failure of the 2000A Project to be constructed, or (vi) the inability or failure of the institution to use or operate the 2000A Project.

(b) Actions Against the Authority. If the Institution (i) is not in default under or in violation of the terms and conditions of this 2000A Loan Agreement, (ii) shall have paid all amounts that it is required to pay under the 2000A Note and this 2000A Loan Agreement, (iii) shall have performed all of its obligations under the 2000A Note and this 2000A Loan Agreement as provided in the preceding sentence, and (iv) shall continue to pay and perform as required by the 2000A Note and this 2000A Loan Agreement, the Institution shall not be precluded from bringing any action (to compel performance or recover damages for nonperformance) that the Institution might otherwise have against the Authority if the Authority should fail to perform any of its obligations under this 2000A Loan Agreement. The Institution may, upon ten (10) days' notice from the Institution to the Trustee and the Authority of the Institution's intention to do so, at its own expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the Institution reasonably deems necessary or desirable in order to secure or protect any of the rights of the Institution under the 2000A Note or this 2000A Loan Agreement or the rights of the Authority under the Master Indenture or any Supplemental Indenture, and in such event the Authority shall cooperate fully with the Institution and shall take all necessary action to effect the substitution of the Institution for the Authority in any such action or proceeding if the Institution shall so request. No such actions will allow the Institution to suspend or discontinue its payments of Payments or its performance of its obligations under the 2000A Note and this 2000A Loan Agreement or terminate the 2000A Note or this 2000A Loan Agreement, or be excused from performing its obligations under the 2000A Note and this 2000A Loan Agreement.

(c) Pledged General Revenues. Notwithstanding anything in this 2000A Loan Agreement to the contrary, the Institution's obligation to make Payments under the 2000A Note and this 2000A Loan Agreement, including without limitation its obligation to pay all other amounts required to be paid by the Institution under the

2000A Note and this 2000A Loan Agreement, shall be payable solely from the Pledged General Revenues of the Institution. The Institution's Pledged General Revenues are hereby pledged to the Institution's obligation to make the Payments due hereunder.

If the Institution has previously issued bonds or other debt instruments or will issue bonds or other debt instruments secured by a pledge of Pledged General Revenues (by whatever name and pursuant to Section 23-19(d)(4) of the Code of Virginia of 1950, as amended, or similar or successor provisions of law) similar to the pledge to make Payments under the 2000A Note and hereunder, its obligation to make Payments under the 2000A Note and hereunder will be secured on a parity with such bonds or other debt instruments, as to such Pledged General Revenues. The Institution may, however, cause any pledge of Pledged General Revenues on such bonds or other debt instruments to be issued in the future to be made subordinate to the pledge contained herein.

The Institution may from time to time exclude certain specified General Revenues from the pledge of Pledged General Revenues created hereunder if such exclusion has been or will be specified in documents pursuant to which bonds or other debt instruments have been or will be issued, if the issuance of such other bonds or debt instruments has been approved by the Commonwealth's Treasury Board. If any such General Revenues are so excluded, the Institution will file with the Authority and the Trustee a written notice of such exclusion, executed by the Authorized Representative of the Institution.

Section 4.6. Nature of Obligations of Authority. The cost and expense of the performance by the Authority of any of its obligations under this 2000A Loan Agreement shall be limited to the availability of the proceeds of the 2000A Bonds issued for such purposes or from other funds received by the Authority under this 2000A Loan Agreement and available for such purposes.

Section 4.7. No Lien on 2000A Project to Secure 2000A Bonds. Other than the fees and revenues, if any, that it may generate, the 2000A Project will not constitute any part of the security for the 2000A Bonds or for the Institution's obligations under the 2000A Note or this 2000A Loan Agreement.

Section 4.8. Prepayment Provisions.

(a) **Option to Prepay the 2000A Note.** The Institution shall not have the option to prepay the 2000A Note prior to September 1, [2010]. The Institution shall have the option to prepay the principal payments coming due on the 2000A Note on or after September 1, [2011] in whole or in part (in \$5,000 increments) on any day on or after September 1, [2010]; ***provided***, that no such prepayments may be made without the prior written consent of the Authority. In the case of any optional prepayment, the Institution (through a payment on the 2000A Note in the amount described in subsection (c)) shall pay to the Trustee the redemption price of the corresponding 2000A Bonds to be redeemed and shall request the Authority to redeem such 2000A Bonds as provided

in Section 303 of the Fourth Supplemental Indenture. The Institution shall give the Authority at least seventy (70) days' notice of the Institution's intention to prepay the 2000A Note.

(b) Obligation to Prepay the 2000A Note. The Institution shall have the obligation to prepay the 2000A Note in whole or in part if directed by the Authority to make such a prepayment upon the occurrence of one or more of the events described in Section 302 or 305 of the Fourth Supplemental Indenture with respect to the 2000A Project. In such case, the Institution (through a payment on the 2000A Note in the amount described in subsection (c)) shall pay to the Trustee the redemption price of the corresponding 2000A Bonds to be redeemed as a result of such occurrence and the Authority shall redeem such 2000A Bonds as provided in Section 302 or 305, as applicable, of the Fourth Supplemental Indenture.

(c) Amount Required for Prepayment. To prepay the 2000A Note in whole or in part under subsections (a) or (b), the Institution shall pay to the Trustee, for deposit in the Prepayment Account for the 2000A Bonds, an amount that will be sufficient to pay the principal balance of the 2000A Note to be prepaid, to pay the premium, if any, allocable to the 2000A Bonds to be redeemed and to pay the interest on the 2000A Bonds to be redeemed on each Interest Payment Date through and including the applicable redemption or maturity date. If the amount being deposited in the Prepayment Account will be invested in noncallable Government Obligations or noncallable Government Certificates, the Institution may take a credit on the amount to be paid to the Trustee equal to the expected investment earnings on such Government Obligations or Government Certificates; **provided**, that the Trustee has received from or on behalf of the Authority an accountant's verification report as to the sufficiency of such moneys and investments in the Prepayment Account to provide for the payment of the 2000A Bonds to be redeemed until such 2000A Bonds are paid in full.

ARTICLE V

MAINTENANCE AND USE OF 2000A PROJECT; COVENANTS

Section 5.1. Maintenance and Use of 2000A Project.

(a) Maintenance. The Institution shall maintain the 2000A Project in good condition, ordinary wear and tear excepted.

(b) 2000A Project List. The Institution shall maintain a complete and accurate list identifying and stating the location, use and any private operators or managers of each portion of the 2000A Project constructed by the Institution. The Institution shall furnish copies of such list to the Authority and the Trustee at such times as the Authority may reasonably request.

(c) Inspections. The Institution shall permit the Authority and the Trustee and their agents and representatives to make inspections of its properties which are reasonably necessary to determine compliance with this Article V during regular business hours.

(d) No Private Use. The Institution shall not use or permit the use of the 2000A Project or any part thereof either alone or with other property of the Institution in a trade or business carried on by any person other than a governmental unit (provided that use as a member of the general public shall not be taken into account) in such manner or to such extent that would cause any Bond to be a "private activity bond" within the meaning of Section 141 of the Code unless the Institution delivers to the Authority and the Trustee the written consent of the Authority and an opinion of Bond Counsel, selected by the Authority but at the expense of the Institution, that to do so would not cause interest on the Bonds to be included in the gross income of recipients thereof for federal income tax purposes.

(e) 2000A Project Security. The Institution shall take all reasonable steps necessary to provide security for and safeguard the 2000A Project against theft and other casualty losses. The Institution shall follow all regulations of the Office of Risk Management and the Department of Accounts of the Commonwealth concerning 2000A Project security. The security afforded the 2000A Project shall at all times be equal to or better than the security afforded other similar property that is owned and operated by the Institution.

Section 5.2. Insurance. The Institution shall insure the 2000A Project against such losses, with such coverage limits and with such deductibles as are customary for similar projects owned and operated by similar public institutions within the Commonwealth. The Institution shall promptly file all insurance claims for any loss or damage to the 2000A Project and shall promptly pay any deductible amounts which may be payable to the Commonwealth with respect to such claims.

Section 5.3. Insurance and Condemnation Proceeds.

(a) Notice of Loss. In case of any material damage to or destruction or any taking under the exercise of the power of eminent domain of any part of the 2000A Project, the Institution shall give prompt notice to the Authority and the Trustee. Each such notice shall describe generally the nature and extent of such damage, destruction or taking.

(b) Coverage Required. All insurance required by Sections 5.2 and 5.3 shall be taken out and maintained with generally recognized responsible insurers selected by the Institution and reasonably acceptable to the Trustee. If any such insurance is not maintained with an insurer licensed to do business in the Commonwealth or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law (Article 3. 1, Chapter 7, Title 38. 1, Virginia Code) or any successor provision of law, the Institution shall provide evidence reasonably satisfactory to the

Trustee that such insurance is enforceable under the laws of the Commonwealth. In each policy, the Authority and the Trustee shall be named as additional insureds. The Authority and the Trustee acknowledge that the Institution shall have the exclusive right to negotiate and settle with the applicable insurer all claims under each policy required by Sections 5.2 and 5.3. Unless a policy with such an undertaking is unavailable or is available only at a cost which the Institution, acting by and through its Division of Risk Management, determines to be unreasonable, each policy shall contain an undertaking by the insurer that such policy shall not be modified adversely to the interests of the Authority and the Trustee or canceled without at least thirty (30) days' prior notice to the Trustee.

All such policies shall be deposited with the Trustee; **provided**, that in lieu of such policies there may be deposited with the Trustee a certificate or certificates of the respective insurers attesting that the insurance required by Sections 5.2 and 5.3 is in full force and effect. Annually, the Institution shall deliver to the Authority and the Trustee a certificate that all policies required by Sections 5.2 and 5.3 to be in effect at the time are in full force and effect and that the amounts and types of insurance evidenced thereby comply with and satisfy all requirements of Sections 5.2 and 5.3. Prior to the expiration of any such policy, the Institution shall furnish to the Authority and the Trustee evidence satisfactory to the Trustee that the policy has been renewed or replaced or is no longer required by this 2000A Loan Agreement.

In lieu of separate policies, the Institution may maintain a single policy, blanket or umbrella policies, or a combination thereof, if (1) such policies provide the same coverage required by Sections 5.2 and 5.3 with protection against each risk not reducible by claims for other risks to amounts less than that specified in Sections 5.2 and 5.3 and (2) the Institution deposits with the Trustee a certificate or certificates of insurance evidencing such coverage and stating, as required, the amount of coverage with respect to the 2000A Project.

To the extent losses for any damage to the 2000A Project, however caused, are paid from the Net Proceeds of any insurance required by Sections 5.2 and 5.3, no claim shall be made and no suit shall be brought against the Institution or the Commonwealth by the Authority, the Trustee or anyone else claiming by, through or under any of them.

(c) Repair or Prepayment. Except as provided in the next paragraph, the Institution shall promptly replace or repair the portion of the 2000A Project damaged, destroyed or taken so that the 2000A Project shall be of substantially the same value, but not necessarily the same kind, as before such damage, destruction or taking, with such alterations and additions as the Institution may determine and as will not impair the capacity or character of the 2000A Project for the purpose for which it is intended to be used. The Institution shall apply so much as may be necessary of the Net Proceeds of insurance and any condemnation award received by it on account of any such damage, destruction or taking and of the Institution's own funds to payment of the cost of such replacement or repair.