

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

AGREEMENT FOR ASSIGNMENT OF NOTES AND DEEDS OF TRUST
(Buncombe County Capital Fund – Mountain Housing Opportunities Loan Fund)

THIS AGREEMENT is made and entered into as of this 8th day of May, 2012, between BUNCOMBE COUNTY, a political subdivision of the State of North Carolina, (hereinafter sometimes "County") and Mountain Housing Opportunities Loan Fund, Inc., a North Carolina non-profit corporation, (hereinafter sometimes "MHOLF").

WHEREAS, County and MHOLF mutually desire to expand the pool of resources available to meet affordable housing needs in the community;

WHEREAS, through its Buncombe County's Affordable Housing Services Program, the County has heretofore provided approximately Fifty-three (53) down payment assistance loans in order to assist economically eligible individuals with their housing needs;

WHEREAS, MHOLF would be able to leverage more loan funds through its affordable housing programs in our community if the County would allow it to administer the County's down-payment assistance loans; and

WHEREAS, County and MHOLF mutually agree that it would be in their mutual best interests to agree to the Assignment by County to MHOLF of its down-payment assistance loans as set forth in the attached copy of the Assignment of Notes and Deeds of Trust.

NOW, THEREFORE, in consideration of the sum of Ten and 00/100 (\$10.00) Dollars paid by MHOLF to County, the covenants and agreements described below and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, County and MHOLF agree as follows:

1. Mountain Housing Opportunities Loan Fund agrees to administer the portfolio of Down-payment Assistance loans provided through Buncombe County's Affordable Housing Services Program. This portfolio shall be permanently restricted in a Buncombe County Capital Fund and shall continue to assist County residents for years to come.

2. Assignment of Portfolio. The current portfolio of Down-payment Assistance Loans from Buncombe County's Affordable Housing Services Program will be assigned to Mountain Housing Opportunities Loan Fund, Inc. and recorded in Buncombe County on MAY 9, 2012 in Book 4980 at Page 1605, copy of which is attached hereto. The assignment includes Fifty Three (53) loans with a value of Six Hundred Seventy-Six Thousand Five Hundred Five Dollars (\$676,505.00).

3. Permanently Restricted Capital Fund. MHOLF shall create a permanently restricted Buncombe County Capital Fund for face value of the loans less a 10% Loan Loss Reserve as described in paragraph 4. This Capital Fund of Six Hundred Eight Thousand Eight Hundred Fifty Five Dollars (\$608,855.00) will be clearly identified in MHOLF financial statements and reported in the yearly audit of MHOLF. The write-down or the accrual of a loss beyond the Loan Loss Reserve described in paragraph 4 will require written pre-approval from Buncombe County to reduce the value of the Capital Fund. MHOLF will use its best practices and judgment in maintaining and servicing this fund and in collecting outstanding loans

4. Loan Loss Reserve. The parties hereto understand that, as with all loans, even the best underwriting cannot eliminate 100% of the risk. It is hereby agreed that a loan loss reserve equal to 10% of the value of the Buncombe County Capital Fund will be created. A Loan Loss Reserve in the amount of Sixty-Seven Thousand Six Hundred Fifty Dollars (\$67,650.00) will be created to absorb this potential risk to the portfolio. Once a loan becomes uncollectable, due to collateral loss in a foreclosure or short-sale, funds from the Loan Loss Reserve will absorb the loss until that reserve is depleted.

5. Loan Repayment & Re-deployment. Down-payment Assistance loans in the Capital Fund that are repaid will be held as Permanently Restricted Cash to be lent again as second mortgage loans to income qualifying households in Buncombe County.

6. Interest Earned. All interest earned from loans in the Capital Fund will increase the value of the Buncombe County Capital Fund. Principle and interest will be used as described in the *Loan Repayment & Re-deployment* paragraph above.

7. Reporting. Each quarter, Buncombe County will receive a report detailing the balance and activities in the Buncombe County Capital Fund. The report will include Fund balances of Notes, Receivables, Cash, Permanent and Temporarily Restricted Capital. Activities for the quarter and year will include loan repayments, loan originations and any losses from foreclosure. Notes will also be included on any activity involving the portfolio. Capital Fund balances will also be clearly identified in the audit of MHO Loan Fund, Inc.

8. Dissolution. In the event that Mountain Housing Opportunities Loan Fund, Inc. dissolves, all assets of the Buncombe County Capital Fund will be returned to Buncombe County.

9. Miscellaneous. (a) Notice. Except as otherwise provided in this Agreement, all notices and communications required to be sent pursuant to the terms of this Agreement shall be in writing and shall be delivered by hand delivery, certified mail, return receipt requested, or by Federal Express or similar overnight courier service, addressed as follows: To County: Jon Creighton, Planning Director, 46 Valley Street, Asheville, NC 28801, with copy to Michael C. Frue, 205 College Street, Asheville NC 28801. To MHOLF: Scott Dedman, 64 Clingman Avenue, Suite 101, Asheville, NC 28801, with copy to: Sheryl Williams, P. O. Box 7647, Asheville, NC 28802. All such notices and other communications, which are addressed as provided in this Paragraph, shall be effective upon receipt. The parties hereto may from time to time change their respective addresses for the purpose of notice to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents. (b) Whole Agreement. This

Agreement contains all of the agreements and representations between the parties with respect to the subject matter hereof. None of the terms of this Agreement shall be waived or modified to any extent, except by written instrument signed and delivered by both parties. (c) Severability/Survival. If any provision of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect. The covenants contained in this Agreement, which by their terms require their performance after the expiration or termination of this Agreement, shall be enforceable notwithstanding the expiration or termination of this Agreement. (d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina and should any claim or dispute arise between the parties that cannot be resolved amicably then any action to enforce or interpret its terms shall be brought in the General Court of Justice of Buncombe County, North Carolina which shall have venue and jurisdiction over the subject matter and the parties. (e) Duplicate Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. (f) Authority. The individuals signing this Agreement personally warrant that they have the right and power to enter into this Agreement on behalf of County and MHOLF, to grant the rights granted under this Agreement, and to undertake the obligations undertaken in this Agreement. (g) Liability of Officers and Agents. No officer, agent or employee of the County or MHOLF shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated hereby. Such officers, agents, or employees shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve any such officer, agent or employee from the performance of any official duty provided by law. (h) Captions. The captions or headings in this Agreement are inserted only as a matter of convenience and for reference and they in no way define, limit, or describe the scope of this Agreement or the intent of any provision hereof.

IN WITNESS WHEREOF, the County has caused this Agreement to be duly executed on its behalf; and MOUNTAIN HOUSING OPPORTUNITIES LOAN FUND, INC. has caused the same to be duly executed on its behalf.

COUNTY OF BUNCOMBE

MOUNTAIN HOUSING OPPORTUNITIES
LOAN FUND, INC.

Wanda S. Greene
Wanda S. Greene, County Manager

R. Scott Dedman
R. Scott Dedman, President

ATTEST:

ATTEST:

Kathy Hughes
Clerk to Board
(Official Seal)

[Signature]
Corporate Secretary
(Seal)

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, T. Mila White, a Notary Public of the County and State aforesaid certify that Kathy Hughes came before me this day acknowledged that she is the Clerk to the Board of County Commissioners, and that by authority duly given by the corporation, the foregoing instrument was signed in its name by its County Manager and attested by herself as its Clerk.

Witness my hand and notarial seal this 8th day of May, 2012.

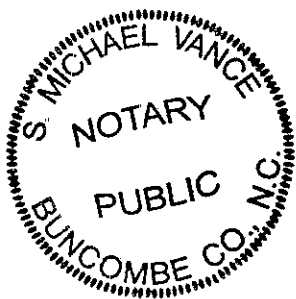


T. Mila White
Notary Public
My Commission Expires: 3-19-14

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, S. MICHAEL VANCE, a Notary Public of the County and State aforesaid certify that CINDY L. WALKS personally appeared before me this day and acknowledged that he/she is the corporate secretary of Mountain Housing Opportunities Loan Fund, Inc. and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Director and attest by him/herself as its Corporate Secretary.

Witness my hand and notarial seal this 8th day of MAY, 2012.



S. Michael Vance

Notary Public

My Commission Expires: 6-18-2014