CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Billings, Montana (the "City"), hereby certify that the attached resolution is a true copy of Resolution No.04-18217, entitled: "RESOLUTION AUTHORIZING THE ACQUISITION, REHABILITATION, AND FINANCING OF A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF UP TO $6,200,000 FIRST MORTGAGE HOUSING REVENUE BONDS (ROSE PARK PLAZA PROJECT), CONSISTING OF FIRST MORTGAGE HOUSING REVENUE BOND (ROSE PARK PLAZA PROJECT), SERIES 2004A BOND, AND FIRST MORTGAGE HOUSING REVENUE BOND (ROSE PARK PLAZA PROJECT), SERIES 2004B BOND, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND DOCUMENTATION" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council at a meeting on November 8, 2004, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof: unanimous ; voted against the same: none ; abstained from voting thereon: none ; or were absent: Gaghen .

WITNESS my hand officially this 8th day of November, 2004.

Marita Herold
City Clerk

RESOLUTION NO. 04-18217

RESOLUTION AUTHORIZING THE ACQUISITION, REHABILITATION, AND FINANCING OF A PROJECT UNDER MONTANA CODE ANNOTATED, TITLE 90, CHAPTER 5, PART 1, AS AMENDED, AND THE ISSUANCE AND SALE OF UP TO $6,200,000 FIRST MORTGAGE HOUSING REVENUE BONDS (ROSE PARK PLAZA PROJECT), CONSISTING OF FIRST MORTGAGE HOUSING REVENUE BOND (ROSE PARK PLAZA PROJECT), SERIES 2004A BOND, AND FIRST MORTGAGE HOUSING REVENUE BOND (ROSE PARK PLAZA PROJECT), SERIES 2004B BOND, TO FINANCE THE SAME; APPROVING THE FORM OF DOCUMENTATION IN CONNECTION THEREWITH; AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BONDS AND DOCUMENTATION

BE IT RESOLVED by the City Council (the "Council") of the City of Billings, Montana (the "City") as follows:

Section 1. Authorization and Recitals.

1.01. General Authority. Pursuant to Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), the City is authorized to enter into agreements upon terms the governing body considers advantageous and not in conflict with the provisions of the Act to issue its revenue bonds and sell such bonds at public or private sale in such manner and at such times as may be determined by this body to be most advantageous; and to loan the proceeds of its revenue bonds for the purpose of defraying the cost of acquiring or improving real and personal properties suitable for use for, among other things, commercial, multi-family housing, manufacturing, agricultural or industrial enterprises, or to refund bonds or notes issued under the Act. Such revenue bonds may be secured by a pledge of the revenues to be derived by the City from a loan agreement with the borrower, by a mortgage on the project and by such other security devices as may be deemed advantageous. Under the provisions of the Act, any bonds so issued by the City shall be special, limited obligations of the City and the bonds shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

1.02. Proposed Bonds. Representatives of Rose Park Plaza Partners Ltd., RLLLP, a Colorado registered limited liability limited partnership (the "Borrower"), have proposed that the City, acting under and pursuant to the Act, issue its First Mortgage Housing Revenue Bonds (Rose Park Plaza Project) in the aggregate principal amount of up to $6,200,000, consisting of First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004A Bond (the "Series 2004A Bond"), and First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004B Bond (the "Series 2004B Bond") (collectively, the "Bonds"), the proceeds of which will be loaned by the City to the Borrower, to finance all or a portion of the costs to be incurred by the Borrower in the acquisition, remodeling, rehabilitation, furnishing, and equipping of a 112-unit multifamily rental housing complex and related improvements commonly known as Rose Park Plaza Apartments (the "Project"). It is anticipated that the Project will constitute a "qualified residential rental project" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and related Treasury Regulations, and accordingly that either (i) 40% of the units in the Project will be occupied by persons whose income is 60% or less of the area median gross income, or (ii) 20% or more of the units in the Project will be occupied by individuals whole income is 50% or less of the area median gross income, as defined in the Code.

Pursuant to the proposal, the proceeds of the Bonds would be loaned to the Borrower pursuant to a Loan Agreement between the City and the Borrower (the "Loan Agreement") to be used, with other available funds of the Borrower, to acquire, rehabilitate, equip, and furnish the Project; the Borrower would agree to repay the loan at such times and in such amounts sufficient in the aggregate to provide for the prompt payment of the principal of, premium, if any, and interest on the Bonds; pursuant to a Combination Trust Indenture, Security Agreement, Assignment of Rents and Leases, and Fixture Filing Statement (the "Trust Indenture"), between the Borrower, as grantor, U.S. Bank National Association, in Denver, Colorado, as beneficiary (the "Lender"), and First American Title Insurance Company, in Billings, Montana, as trustee, the Borrower would grant a mortgage lien on and security interest in the Project to secure the full and prompt payment of the principal of, premium, if any, and interest on the Bonds and the obligations of the Borrower under the Loan Agreement; pursuant to an Assignment of Loan Agreement (the "Assignment"), the City would assign certain of its interests in the Loan Agreement to the Lender; and pursuant to a Regulatory Agreement (and Declaration of Restrictive Covenants) (the "Declaration") to be recorded against the Project, the Borrower would covenant to operate and maintain the Project as a Qualified Residential Rental Project in accordance with the Code. The proceeds of the Bonds would be disbursed in accordance with the terms and conditions of an Escrow and Disbursing Agreement (the "Disbursing Agreement"). Various other documents would evidence, secure, or relate to the loan evidenced by the Bonds or the Project (such documents, collectively with the documents called out above in this paragraph, the "Loan Documents").

The Bonds would be a special, limited obligation of the City payable solely from and secured by the loan repayments to be made by the Borrower under the Loan Agreement, and by the Trust Indenture and would not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taking powers.

1.04. Prior Approval and Public Hearing. On September 27, 2004, this Council by Resolution No. 04-18203, following a public hearing on the proposed Project and issuance of the City's revenue bonds for such purpose, confirmed its prior approvals and authorization with respect to the Project and the issuance of the Bonds.

1.05. Documentation. Draft forms of the following documents relating to the Project and the Bonds have been prepared and submitted to this Council, and are hereby directed to be filed with the City Clerk:

(a) the Loan Agreement;

(b) the Assignment;

(c) the Trust Indenture;

(d) the Declaration;

(e) the Disbursing Agreement;

(f) Employment Preference and Prevailing Wage Agreement between the Borrower and the City (the "Employment Agreement"); and

(g) Environmental Indemnity Agreement by the Borrower and the Guarantor (as defined therein) for the benefit of Lender and the City.

Draft forms of the Series 2004A Bond and the Series 2004B Bond are attached to this Resolution as Exhibits A and B, respectively, and are hereby incorporated herein and made a part hereof.

1.06. Offer to Purchase. The City and the Borrower have received an offer from the Lender to purchase the Bonds at a price of up to $6,200,000, no interest to accrue thereon to the date of delivery thereof. The Borrower has recommended to this Council that the offer be accepted.

Section 2. Findings.

It is hereby found, determined and declared that:

(a) based on representations of the Borrower, the Project comprises real and personal properties which shall be suitable for use in connection with a multifamily housing facility as contemplated by the Act;

(b) the financing of the acquisition of the Project, the issuance and sale of the Bonds, the execution and delivery of the Loan Agreement and the Assignment and all other acts and things required under the Constitution and laws of the State of Montana to make the Loan Agreement, the Assignment and the Bonds valid and binding special, limited obligations of the City in accordance with their terms, are authorized by the Act;

(c) the issuance and sale of the Bonds and the financing of the Project by the City for the benefit of the Borrower are in the public interest of the City and its citizens;

(d) the provision of affordable housing in the City is a priority of the City and the covenants of the Borrower in the Regulatory Agreement regarding the rental of the units in the Project will help to insure the availability of rental housing for persons of lower income;

(e) it is desirable that the Bonds be issued by the City upon the terms set forth in this resolution under the provisions of which certain of the City's interests in the Loan Agreement, and its interest in all loan repayments thereunder, will be assigned and pledged to the Lender as security for the payment of principal of, interest on, redemption or prepayment premiums, if any, and other amounts payable under the Bonds by the City;

(f) the loan repayments and other amounts to be paid by the Borrower under the Loan Agreement are sufficient (1) to pay the total principal of, premium, if any, and interest on the Bonds as it matures and (2) to pay all other costs and expenses of the City in connection with the Project and the issuance of the Bonds; and the Loan Agreement also provides that the Borrower is required to pay or cause to be paid all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement;

(g) based on representations of the Lender, no reserves are deemed advisable in connection with the Project or the Bonds, except as provided in the Loan Agreement and Disbursing Agreement; and

(h) under the provisions of Montana Code Annotated, Sections 90-5-103 and 90-5-104, and as provided in the Loan Agreement and stated on the face of the Bonds, the Bonds are a special, limited obligation of the City payable solely from loan repayments to be made by the Borrower (except to the extent payable from proceeds of the Bonds or from amounts realized from enforcement of the Trust Indenture) and do not constitute a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 3. Authorization and Approval of Documents. The City is hereby authorized to issue the Bonds to provide funds to acquire the Project, and to pay costs of issuance of the Bonds, and to pledge and assign the Loan Agreement and the loan repayments due thereunder, all as provided in the Loan Agreement and Assignment. The application for volume cap in connection with the Bonds is hereby ratified and confirmed in all respects.

The forms of Loan Agreement, the Assignment, the Trust Indenture, the Bonds, the Declaration, the Disbursing Agreement, the Employment Preference and Prevailing Wage Agreement, and the Environmental Indemnity Agreement referred to in Section 1.05 are hereby approved, subject to such modifications thereto, deletions therefrom and additions thereto as may be necessary and appropriate or approved by the Mayor or City Administrator and the City Attorney, which approval shall be conclusively evidenced by execution of the Loan Agreement, the Assignment and the Bonds by the appropriate officer or officers of the City. The Loan Agreement, the Assignment, the Declaration, the Employment Agreement, and any other of the Loan Documents to be executed by the City are directed to be executed in the name and on behalf of the City by the Mayor, City Administrator, and the City Clerk. Copies of all of the documents shall be delivered, filed and recorded as provided therein. In the absence or disability of the Mayor, any of the documents authorized by this resolution to be executed, may be executed by the acting Mayor, in the absence or disability of the City Administrator, any of the documents authorized by this resolution to be executed, may be executed by the Deputy City Administrator, and in the absence or disability of the City Clerk, by such officer of the City who, in the opinion of the City Attorney, may execute such documents. The City shall also review and approve or cause to be reviewed and approved such other of the Loan Documents as it deems necessary or appropriate in order that the Bonds may be issued as tax-exempt obligations.

The Mayor, the City Administrator, the City Clerk and, as appropriate, the Financial Services Manager are also authorized and directed to execute such other instruments as may be required to give effect to the transactions herein contemplated.

Notwithstanding the foregoing authorizations and approvals or any provision hereof, the City shall have no obligation whatsoever to issue the Bonds and enter into the Loan Agreement, Assignment, or any of the other Loan Documents to which it is proposed to be a party in the event the Borrower, the general partner or limited partner(s) of the Borrower, and Lender, or any of them, are unable to reach agreement on or to abide by the provisions of any document required in connection with the financing of the Project or to create or preserve the tax-exempt status of the Bonds.

Section 4. The Bonds: Terms, Sale and Execution.

4.01. Issuance. In anticipation of the receipt of the loan repayments from the Borrower, the City shall proceed forthwith to issue its First Mortgage Housing Revenue Bonds (Rose Park Plaza Project) in the aggregate principal amount of up to $6,200,000, consisting of First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004A Bond, and First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004B Bond, in substantially the forms of the drafts attached as Exhibit A and Exhibit B, respectively, and upon the terms set forth in said forms and this resolution, as such forms may be modified as provided herein.

4.02. Terms. The Series 2004A Bond shall bear interest as finally set forth in the Series 2004A Bond and shall be dated the date of its delivery to the Lender. The Series 2004B Bond shall bear interest as finally set forth in the Series 2004B Bond and shall be dated the date of its delivery to the Lender.

4.03. Prepayment. The principal of the Bonds shall be subject to redemption at times and upon the terms and conditions set forth in the Bonds.

4.04. Registration of Transfer. The City will cause to be kept at the office of the Financial Services Manager a Bond Register in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of transfers of ownership of the Bonds, as more fully prescribed in the Bonds. The Financial Services Manager is hereby appointed Bond Registrar for this purpose.

4.05. Sale and Execution. The proposal of the Lender to purchase the Bonds at the price of up to $6,200,000 is hereby found and determined to be reasonable and is hereby accepted. The Mayor, the City Administrator, and the City Clerk are hereby authorized and directed to prepare and execute the Bonds as prescribed herein and in the Bonds and to deliver them to the Lender, together with a certified copy of this resolution, and such other certificates, documents and instruments as may be appropriate to effect the transaction herein contemplated.

Section 5. Modifications. The approval hereby given to the various documents referred to above includes an approval of such modifications thereto, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Mayor or the City Administrator and the City Attorney. The execution of any instrument or Loan Document by the appropriate officer or officers of the City herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

Section 6. Authentication of Proceedings. The Mayor, the City Administrator, the City Clerk, the Financial Services Manager and other officers of the City are authorized and directed to furnish to the Lender and bond counsel certified copies of all proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements of fact contained therein.

Section 7. Tax Matters.

7.01. The City recognizes the obligation to comply with the provisions of Section 148(f) of the Code, relating to the rebate of certain amounts to the United States, and has caused the Borrower to covenant in the Loan Agreement that it will take or refrain from any actions, the result of which would be to cause the interest on the Bonds to become includable in gross income for purposes of federal income taxation as a result of the failure to comply with Section 148(f) of the Code and applicable Treasury Regulations. The City, by the Loan Agreement, has obligated the Borrower to take all actions necessary to comply with the rebate requirement, including making or causing to be made the computations of rebate or penalty amounts and paying the costs of computing any such rebate or penalty amounts.

7.02. The City is unable to designate, and has not so designated, the Bonds as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

7.03. The Mayor, the City Administrator and the City Clerk, being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this resolution, are authorized and directed to execute and deliver a tax certificate, based on representations to be made by the Borrower, in accordance with the provisions of Section 148 of the Code, and Section 1.148-2(b) of the Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will be used in a manner that would not cause the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations.

Section 8. Fee. The Borrower will pay, or upon demand reimburse the City for payment of, any and all costs incurred by the City in connection with the Project, whether or not the Project is carried to completion, and the issuance of the Bonds, including the City's issuance fee or administration fee, whether or not the Bonds are issued.

Section 9. Effective Date. This resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED by the City Council of Billings, Montana, this 8th day of November, 2004.

Charles F. Tooley
Mayor

Attest: Marita Herold
City Clerk

(SEAL)

CITY OF BILLINGS • YELLOWSTONE COUNTY, MONTANA • SEAL

Approved for Legal Content:

Brent Brooks
City Attorney

EXHIBIT A

[Draft Form of the Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

FIRST MORTGAGE HOUSING REVENUE BOND
(ROSE PARK PLAZA PROJECT)
SERIES 2004A

No. R-1 $__________________

FOR VALUE RECEIVED, THE CITY OF BILLINGS, Yellowstone County, Montana, a municipal corporation and political subdivision of the State of Montana (the "Issuer"), hereby promises to pay to U.S. BANK NATIONAL ASSOCIATION, of Denver, Colorado (the "Lender") or registered assigns (the Lender and any subsequent registered assign, the "Holder"), at the principal office of the Lender in Denver, Colorado, or at such other place as the Holder may designate in writing, solely from the source and in the manner hereinafter provided, the principal amount of ____ and No/100 Dollars ($______________.00), or so much thereof has been advanced under the Escrow and Disbursing Agreement (as hereinafter defined), with interest on the unpaid principal amount hereof at the rate set forth in paragraph 1(a) hereof (the "Tax-Exempt Rate"), or at the higher rate specified in paragraph 1(b) hereof (the "Taxable Rate") upon a Determination of Taxability (as hereinafter defined), in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth:

1. This Bond shall bear interest and be payable as follows:

(a) (i) Interest shall accrue on the unpaid principal balance of this Bond from and after the date of this Bond [to and including the date of payment of this Bond in full, assuming no Determination of Taxability,] at the rate of __________________ hundredths percent (_____%) per annum [the sum of (a) Federal Home Loan Bank Community Investment Advance program rate for a 15-30 year term on the date of issuance hereof plus (b) 175 basis points multiplied by 0.75218] (the "Tax-Exempt Rate").

(ii) Before a Determination of Taxability, the principal of and interest on this Bond shall be payable in installments, as follows:

(A) Interest only shall be due and payable in the amount of $______________ on ________________ and on the 1st day of each month through and including the Amortization Date (as hereinafter defined) (each a "Payment Date");

(B) From and after the Amortization Date (as hereinafter defined), principal and interest shall be due and payable in the amount of $________________ (based on a 30-year amortization period) on ___________________ and on the 1st day of each succeeding month before the Final Maturity Date (as hereinafter defined) (each a "Payment Date");

(C) A final installment of principal and interest of $____________ shall be due and payable on [______________, 2021] (the "Final Maturity Date"); and

(D) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon, and all other indebtedness due hereunder shall be due and payable on the Final Maturity Date.

(b) (i) In the event that the interest on this Bond shall become includable in gross income for purposes of federal income taxation pursuant to a Determination of Taxability (as hereinafter defined), the interest rate specified in paragraph 1(a)(i) hereof shall be increased, retroactively effective from and after the Date of Taxability (as hereinafter defined) to an annual interest rate equal, as of any date, to the sum of:

[(i) the product of the Tax-Exempt Rate that would have been in effect and _______________%, plus (ii) _____________ of one percent (______%) per annum (the "Taxable Rate")]. The Issuer shall, solely from payments required to be made by the Borrower (as hereinafter defined), immediately upon demand pay to the Holder and to each prior Holder since the Date of Taxability an amount equal to the amount by which the interest accrued retroactively at the Taxable Rate from the Date of Taxability to the date of payment exceeds the amount of interest actually accrued hereunder at the Tax-Exempt Rate and paid to the Holder and any such prior Holder during said period. Such obligation shall survive the payment in full of the principal amount of this Bond.

(ii) After a Determination of Taxability, the principal of and interest on this Bond shall be payable in monthly installments, as follows:

> (A) If the Determination of Taxability occurs on or before the Amortization Date (as hereinafter defined), interest shall be payable on the 1st day of each month on amounts advanced at the Taxable Rate, in monthly installments of interest through and including the Amortization Date, and thereafter principal and interest shall be payable as provided in the immediately following subsections (B) and (C);
>
> (B) If the Determination of Taxability occurs after the Amortization Date (or it occurs as provided in (A), then from and after the Amortization Date), principal and interest shall be payable on the 1st day of each month in an amount sufficient to amortize fully the principal balance of this Bond, together with interest thereon at the Taxable Rate, in monthly installments of principal and interest by the Final Maturity Date; and
>
> (C) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon, and all other indebtedness due hereunder shall be payable on the Final Maturity Date.

(c) As used herein, the following terms have the following meanings:

"Amortization Date" means _____________, 2006.

"Borrower" means Rose Park Plaza Partners Ltd., RLLLP, a Colorado registered limited liability limited partnership, or any permitted successor or assign under the Loan Agreement.

"Business Day" has the meaning assigned such term in the Loan Agreement.

"Date of Taxability" has the meaning ascribed to it in the Loan Agreement.

"Determination of Taxability" has the meaning ascribed to it in the Loan Agreement.

"Escrow and Disbursing Agreement" means the Escrow and Disbursing Agreement, dated the date hereof, between the Borrower, the Lender, and the Guarantor (as defined therein), as such may be amended or supplemented from time to time in accordance with its terms.

"Loan Agreement" means the Loan Agreement, dated the date hereof, between the Issuer and the Borrower, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

[(d) Attached to this Bond is Schedule A (which is hereby incorporated herein and made a part hereof). The Holder shall promptly note the date and amount of each advance of proceeds of the Bond hereunder under the Schedule of Advances contained in Schedule A. The failure of the Holder to complete any information in Schedule A or the inaccuracy of any information contained therein shall not alter or impair the obligation of the City hereunder.]

(e) In the event the Issuer shall fail to make when due any principal, premium, if any, or interest payments required under this Bond, the principal or interest payment so in default shall continue as a special, limited obligation of the Issuer until the interest payment or principal, premium and interest payment in default shall have been fully paid, and the Issuer agrees to pay, but solely from the revenues derived under the Loan Agreement, interest thereon (including to the extent permitted by law, interest on overdue installments of interest) at the rate of interest per annum then borne by this Bond.

2. All payments shall be applied first to interest due on the outstanding principal amount hereof and thereafter in reduction of the principal amount hereof. All interest hereon shall be computed on the basis of a year of 360 days. If any Payment Date is not a Business Day, such payment shall be payable on the next succeeding Business Day with the same effect as if paid on the Payment Date and without additional interest payable thereon.

3. There shall be no early redemptions of or prepayment of the Bond, provided that the Holder may consider requests for its consent with respect to early redemptions of and prepayment of the Bond, without incurring an obligation to do so, and the Borrower acknowledges that in the event that such consent is granted, the Borrower shall be required to pay the Holder, upon prepayment of all or part of the principal amount before final maturity, a prepayment indemnity ("Prepayment Fee") equal to the greater of zero, or that amount, calculated on any date of prepayment ("Prepayment Date"), which is derived by subtracting: (a) the principal amount of the Bond or portion of the Bond to be prepaid from (b) the Net Present Value of the Bond or portion of the Bond to be prepaid on such Prepayment Date; provided, however, that the Prepayment Fee shall not in any even exceed the maximum prepayment fee permitted by applicable law.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by the Holder over the shorter of the remaining contractual life of the Bond or next repricing date. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Money Market Rate At Prepayment" shall mean that zero-coupon rate, calculated on the Prepayment Date, and determined solely by the Holder, as the rate at which the Holder would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Bond payment or repricing date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by the Holder, including negotiable certificate of deposit, commercial paper, eurodollar deposits, bank notes, federal funds, interest rate swaps or others.

In calculating the amount of such Prepayment Fee, the Holder is hereby authorized by the Borrower to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as the Holder may deem appropriate. If the Borrower fails to pay any Prepayment Fee when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the Taxable Rate (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least $100,000 or, if less, the remaining entire principal balance of the Loan.

Notwithstanding any other prepayment limitations in this Bond or in any other document, note or agreement ancillary hereto, during the twelve (12) month period beginning the date hereof and during each twelve (12) month period thereafter beginning on the same date of the same month, the Borrower may prepay an amount totaling in the aggregate up to ten percent (10%) of the face principal amount of the Bonds (the "Stated Percentage") without paying a Prepayment Fee. The Borrower may not prepay any amount in excess of the Stated Percentage in any said twelve (12) month period without the consent of the Holder and without paying the Prepayment Fee described herein as calculated only upon that portion of the prepayment which exceeds the Stated Percentage. Prepayments which do not exceed the Stated Percentage are not subject to the $100,000 minimum prepayment restriction.

4. This Bond comprises an authorized issue of bonds of the Issuer, designated as "First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004A," issued in the maximum authorized aggregate principal amount of $__________________. This Bond is issued by the Issuer pursuant to the authority granted by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), for the purpose of providing funds to be used, with other available funds of the Borrower, to defray costs of a project, as defined in the Act, consisting of the acquisition of land in the City and an existing buildings located thereon, and the equipping, rehabilitation, renovation, and furnishing of the buildings and related improvements suitable for use as, and used as, a 112-unit multi-family rental housing facility designed for occupancy primarily by lower income tenants, and paying necessary expenses incidental thereto. The proceeds of this Bond are to be loaned by the Issuer to the Borrower pursuant to the Loan Agreement, thereby assisting activities in the public interest and for the public welfare of the State of Montana. This Bond is further secured by an Assignment of Loan Agreement, date the date hereof, from the Issuer to the Lender (the "Assignment"), and by a Combination Trust Indenture, Security Agreement, Assignment of Rents and Leases, and Fixture Filing Statement, dated the date hereof (the "Trust Indenture"), from the Borrower, as grantor, to First American Title Insurance Company, as trustee, for the benefit of the Lender, as beneficiary.

5. This Bond shall be registered and shall be transferable upon the books of the Issuer at the office of the Financial Services Manager of the City in Billings, Montana, by the Holder hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer

satisfactory to the Financial Services Manager, duly executed by the Holder or its duly authorized attorney. Upon such transfer, the Financial Services Manager will note the date of registration and the name and address of the new Holder upon the books of the Issuer and in the registration blank appearing below. Alternatively, the Issuer will, at the request and expense of the Holder, issue a new note or notes in an aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number, principal amount and the number and amount of the installments payable thereunder, and registered in the name of the Holder or such transferee as may be designated by the Holder. If more than one note is to be issued upon any such exchange, the governing body of the Issuer shall prescribe the form thereof by resolution to ensure that no alteration inadvertently occurs in the terms of or security for this Bond.

The Issuer and the Bond Registrar may deem and treat the person in whose name this Bond is last registered upon the books of the Issuer with such registration also noted on the Bond, as the absolute owner hereof, whether or not this Bond is overdue, for the purpose of receiving payment of or on account of the principal balance, prepayment price or interest and for all other purposes, and all such payments so made to the Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

6. Time is of the essence under this Bond. If default occurs under this Bond, or an Event of Default or a default however designated occurs under the Loan Agreement or the Trust Indenture, or if any other event occurs which entitles the Lender or the Holder to accelerate payment under the Loan Agreement or the Trust Indenture or the other Loan Documents (as such term is defined in the Escrow and Disbursing Agreement), then the Holder may at its right and option (subject, however, to such notice, if any, as may be required under the Loan Agreement and Trust Indenture or the other Loan Documents) declare immediately due and payable the principal balance of this Bond and interest accrued thereon to the date of declaration of such default, together with any reasonable attorneys' fees incurred by the Holder in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder.

7. This Bond is not a general obligation of the Issuer, but rather a special, limited obligation of the Issuer and shall not be payable from nor charged upon any funds of the Issuer other than the revenues under the Loan Agreement pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon. No Holder of this Bond shall ever have the right to compel any exercise of the taxing power of the Issuer to pay this Bond or the interest or any late charges thereon, nor to enforce payment thereof against any property of the Issuer except revenues under the Loan Agreement pledged to the payment hereof pursuant to the Assignment. This Bond shall not constitute a charge, lien, or encumbrance, legal or equitable, against the general credit of the Issuer or upon any property of the Issuer, except the revenues under the Loan Agreement pledged to the payment thereof. This Bond, including interest and premium, if any, hereon is payable solely from the revenues under the Loan Agreement pledged to the payment thereof, except to the extent payable out of any proceeds received from the sale or other disposition of the property subject to the Trust Indenture or the other Loan Documents (as defined in the Escrow and Disbursing Agreement). This Bond shall not constitute a debt of the Issuer within the meaning of any constitutional, statutory or charter limitation. Neither the State of Montana, the County of Yellowstone or any other political subdivision shall in any event be liable for the payment of the principal of, premium, if any or interest on this Bond or for the performance of any agreement of any kind whatsoever that may be undertaken by the Issuer. Neither this Bond nor any of the agreements or obligations of the Issuer contained herein or in the Loan Agreement shall be construed to constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions whatsoever, nor to constitute or give rise to a pecuniary liability or be a charge against the general credit or taxing power of the Issuer. No failure of the Issuer or any party to comply with any term, condition, covenant or agreement in the Bond, the Loan Agreement, the Escrow and Disbursing Agreement, the Assignment or the other Loan Documents (as defined in the Escrow and Disbursing Agreement) shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, and no execution on any claim, demand, cause of action or judgment shall be levied upon or collect from the general credit, general funds or taxing powers of the Issuer.

8. The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

9. It is intended that this Bond is made with reference to and shall be construed as a Montana contract and governed by the laws thereof, without giving effect to the conflicts-of-law principles thereof.

10. This Bond may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. No material

modification of the terms and conditions of this Bond shall be effective without the prior written consent of the City.

11. If any term of this Bond, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Bond, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Bond shall be valid and enforceable to the fullest extent permitted by law.

12. *The City is unable to designate, and has not so designated, this Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.*

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen, and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due time, form and manner as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by its duly authorized officers and its corporate seal affixed all as of the ______ day of _________________, 2004.

CITY OF BILLINGS, MONTANA

By ____________________________
Mayor

By ____________________________
City Administrator

(SEAL)

Attest: ________________________
City Clerk

PROVISIONS AS TO REGISTRATION

NO WRITING HEREON EXCEPT BY
THE FINANCIAL SERVICES MANAGER AS BOND REGISTRAR

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon has registered on the books of the Issuer in the name of the registered holder last noted below.

Date of Registration	Name and Address of Registered Holder	Signature of Financial Services Manager
________, 2004	U.S. Bank National Association	________
________	________	________
________	________	________
________	________	________
________	________	________
________	________	________
________	________	________

[SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By
			]

EXHIBIT B

[Draft Form of the Bond]

UNITED STATES OF AMERICA
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CITY OF BILLINGS

FIRST MORTGAGE HOUSING REVENUE BOND
(ROSE PARK PLAZA PROJECT)
SERIES 2004B

No. R-1 $__________________

FOR VALUE RECEIVED, THE CITY OF BILLINGS, Yellowstone County, Montana, a municipal corporation and political subdivision of the State of Montana (the "Issuer"), hereby promises to pay to U.S. BANK NATIONAL ASSOCIATION, of Denver, Colorado (the "Lender") or registered assigns (the Lender and any subsequent registered assign, the "Holder"), at the principal office of the Lender in Denver, Colorado, or at such other place as the Holder may designate in writing, solely from the source and in the manner hereinafter provided, the principal amount of ____ and No/100 Dollars ($______________.00), or so much thereof has been advanced under the Escrow and Disbursing Agreement (as hereinafter defined), with interest on the unpaid principal amount hereof at the rate set forth in paragraph 1(a) hereof (the "Tax-Exempt Rate"), or at the higher rate specified in paragraph 1(b) hereof (the "Taxable Rate") upon a Determination of Taxability (as hereinafter defined), in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America, in accordance with the terms hereinafter set forth:

1. This Bond shall bear interest and be payable as follows:

(a) (i) Interest shall accrue on the unpaid principal balance of this Bond from and after the date of this Bond [to and including the date of payment of this Bond in full, assuming no Determination of Taxability,] at the rate of ___________________ hundredths percent (_____%) per annum [the sum of (a) Federal Home Loan Bank Community Investment Advance program rate for an 18-month term on the date of issuance hereof plus (b) 175 basis points multiplied by 0.75218] (the "Tax-Exempt Rate").

(ii) Before a Determination of Taxability, the interest on this Bond shall be payable in installments and the principal in one lump sum, as follows:

(A) Interest only shall be due and payable in the amount of $______________ on ________________ and on the 1st day of each month through and including ____________________, 2006 (the "Final Maturity Date") (each a "Payment Date");

(B) On the Final Maturity Date, the entire principal amount hereof shall be due and payable; and

(C) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon, and all other indebtedness due hereunder shall be due and payable on the Final Maturity Date.

(b) (i) In the event that the interest on this Bond shall become includable in gross income for purposes of federal income taxation pursuant to a Determination of Taxability (as hereinafter defined), the interest rate specified in paragraph 1(a)(i) hereof shall be increased, retroactively effective from and after the Date of Taxability (as hereinafter defined) to an annual interest rate equal, as of any date, to the sum of: [(i) the product of the Tax-Exempt Rate that would have been in effect and ________________%, plus (ii) ______________ of one percent (______%) per annum (the "Taxable Rate")]. The Issuer shall, solely from payments required to be made by the Borrower (as hereinafter defined), immediately upon demand pay to the Holder and to each prior Holder since the Date of Taxability an amount equal to the amount by which the interest accrued retroactively at the Taxable Rate from the Date of Taxability to the date of payment exceeds the amount of interest actually accrued hereunder at the Tax-Exempt Rate and paid to the Holder and any such prior Holder during said period. Such obligation shall survive the payment in full of the principal amount of this Bond.

(ii) After a Determination of Taxability, the principal of and interest on this Bond shall be payable, as follows:

(A) Interest shall be payable on the 1st day of each month on amounts advanced at the Taxable Rate, in monthly installments of interest through and including the Final Maturity Date, and thereafter principal and interest shall be payable as provided in the immediately following subsection.

(B) Payment of the entire unpaid principal amount hereof, together with all accrued but unpaid interest thereon at the Taxable Rate, and all other indebtedness due hereunder shall be payable on the Final Maturity Date.

(c) As used herein, the following terms have the following meanings:

"Borrower" means Rose Park Plaza Partners Ltd., RLLLP, a Colorado registered limited liability limited partnership, or any permitted successor or assign under the Loan Agreement.

"Business Day" has the meaning assigned such term in the Loan Agreement.

"Date of Taxability" has the meaning ascribed to it in the Loan Agreement.

"Determination of Taxability" has the meaning ascribed to it in the Loan Agreement.

"Escrow and Disbursing Agreement" means the Escrow and Disbursing Agreement, dated the date hereof, between the Borrower, the Lender, and the Guarantor (as defined therein), as such may be amended or supplemented from time to time in accordance with its terms.

"Loan Agreement" means the Loan Agreement, dated the date hereof, between the Issuer and the Borrower, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

[(d) Attached to this Bond is Schedule A (which is hereby incorporated herein and made a part hereof). The Holder shall promptly note the date and amount of each advance of proceeds of the Bond hereunder under the Schedule of Advances contained in Schedule A. The failure of the Holder to complete any information in Schedule A or the inaccuracy of any information contained therein shall not alter or impair the obligation of the City hereunder.]

(e) In the event the Issuer shall fail to make when due any principal, premium, if any, or interest payments required under this Bond, the principal or interest payment so in default shall continue as a special, limited obligation of the Issuer until the interest payment or principal, premium and interest payment in default shall have been fully paid, and the Issuer agrees to pay, but solely from the revenues derived under the Loan Agreement, interest thereon (including to the extent permitted by law, interest on overdue installments of interest) at the rate of interest per annum then borne by this Bond.

2. All payments shall be applied first to interest due on the outstanding principal amount hereof and thereafter in reduction of the principal amount hereof. All interest hereon shall be computed on the basis of a year of 360 days. If any Payment Date is not a Business Day, such payment shall be payable on the next succeeding Business Day with the same effect as if paid on the Payment Date and without additional interest payable thereon.

3. [TENTATIVE PARAGRAPH 3. There shall be no early redemptions of or prepayment of the Bond, provided that the Holder may consider requests for its consent with respect to early redemptions of and prepayment of the Bond, without incurring an obligation to do so, and the Borrower acknowledges that in the event that such consent is granted, the Borrower shall be required to pay the Holder, upon prepayment of all or part of the principal amount before final maturity, a prepayment indemnity ("Prepayment Fee") equal to the greater of zero, or that amount, calculated on any date of prepayment ("Prepayment Date"), which is derived by subtracting: (a) the principal amount of the Bond or portion of the Bond to be prepaid from (b) the Net Present Value of the Bond or portion of the Bond to be prepaid on such Prepayment Date; provided, however, that the Prepayment Fee shall not in any even exceed the maximum prepayment fee permitted by applicable law.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by the Holder over the shorter of the remaining contractual life of the

Bond or next repricing date. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Money Market Rate At Prepayment" shall mean that zero-coupon rate, calculated on the Prepayment Date, and determined solely by the Holder, as the rate at which the Holder would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Bond payment or repricing date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by the Holder, including negotiable certificate of deposit, commercial paper, eurodollar deposits, bank notes, federal funds, interest rate swaps or others.

In calculating the amount of such Prepayment Fee, the Holder is hereby authorized by the Borrower to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as the Holder may deem appropriate. If the Borrower fails to pay any Prepayment Fee when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the Taxable Rate (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least $100,000 or, if less, the remaining entire principal balance of the Loan.

Notwithstanding any other prepayment limitations in this Bond or in any other document, note or agreement ancillary hereto, during the twelve (12) month period beginning the date hereof and during each twelve (12) month period thereafter beginning on the same date of the same month, the Borrower may prepay an amount totaling in the aggregate up to ten percent (10%) of the face principal amount of the Bonds (the "Stated Percentage") without paying a Prepayment Fee. The Borrower may not prepay any amount in excess of the Stated Percentage in any said twelve (12) month period without the consent of the Holder and without paying the Prepayment Fee described herein as calculated only upon that portion of the prepayment which exceeds the Stated Percentage. Prepayments which do not exceed the Stated Percentage are not subject to the $100,000 minimum prepayment restriction.]

4. This Bond comprises an authorized issue of bonds of the Issuer, designated as "First Mortgage Housing Revenue Bond (Rose Park Plaza Project), Series 2004B," issued in the maximum authorized aggregate principal amount of $_________________. This Bond is issued by the Issuer pursuant to the authority granted by Montana Code Annotated, Title 90, Chapter 5, Part 1, as amended (the "Act"), for the purpose of providing funds to be used, with other available funds of the Borrower, to defray costs of a project, as defined in the Act, consisting of the acquisition of land in the City and an existing buildings located thereon, and the equipping, rehabilitation, renovation, and furnishing of the buildings and related improvements suitable for use as, and used as, a 112-unit multi-family rental housing facility designed for occupancy primarily by lower income tenants, and paying necessary expenses incidental thereto. The proceeds of this Bond are to be loaned by the Issuer to the Borrower pursuant to the Loan Agreement, thereby assisting activities in the public interest and for the public welfare of the State of Montana. This Bond is further secured by an Assignment of Loan Agreement, date the date hereof, from the Issuer to the Lender (the "Assignment"), and by a Combination Trust Indenture, Security Agreement, Assignment of Rents and Leases, and Fixture Filing Statement, dated the date hereof (the "Trust Indenture"), from the Borrower, as grantor, to First American Title Insurance Company, as trustee, for the benefit of the Lender, as beneficiary.

5. This Bond shall be registered and shall be transferable upon the books of the Issuer at the office of the Financial Services Manager of the City in Billings, Montana, by the Holder hereof in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Financial Services Manager, duly executed by the Holder or its duly authorized attorney. Upon such transfer, the Financial Services Manager will note the date of registration and the name and address of the new Holder upon the books of the Issuer and in the registration blank appearing below. Alternatively, the Issuer will, at the request and expense of the Holder, issue a new note or notes in an aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number, principal amount and the number and amount of the installments payable thereunder, and registered in the name of the Holder or such transferee as may be designated by the Holder. If more than one note is to be issued upon any such exchange, the governing body of the Issuer shall prescribe the form thereof by resolution to ensure that no alteration inadvertently occurs in the terms of or security for this Bond.

The Issuer and the Bond Registrar may deem and treat the person in whose name this Bond is last registered upon the books of the Issuer with such registration also noted on the Bond, as the absolute owner hereof, whether or not this Bond is overdue, for the purpose of receiving payment of or on account of the principal balance, prepayment price or interest and for all other purposes, and all such payments so made to the Holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

6. Time is of the essence under this Bond. If default occurs under this Bond, or an Event of Default or a default however designated occurs under the Loan Agreement or the Trust Indenture, or if any other event occurs which entitles the Lender or the Holder to accelerate payment under the Loan Agreement or the Trust Indenture or the other Loan Documents (as such term is defined in the Escrow and Disbursing Agreement), then the Holder may at its right and option (subject, however, to such notice, if any, as may be required under the Loan Agreement and Trust Indenture or the other Loan Documents) declare immediately due and payable the principal balance of this Bond and interest accrued thereon to the date of declaration of such default, together with any reasonable attorneys' fees incurred by the Holder in collecting or enforcing payment thereof, whether suit be brought or not, and all other sums due hereunder.

7. This Bond is not a general obligation of the Issuer, but rather a special, limited obligation of the Issuer and shall not be payable from nor charged upon any funds of the Issuer other than the revenues under the Loan Agreement pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon. No Holder of this Bond shall ever have the right to compel any exercise of the taxing power of the Issuer to pay this Bond or the interest or any late charges thereon, nor to enforce payment thereof against any property of the Issuer except revenues under the Loan Agreement pledged to the payment hereof pursuant to the Assignment. This Bond shall not constitute a charge, lien, or encumbrance, legal or equitable, against the general credit of the Issuer or upon any property of the Issuer, except the revenues under the Loan Agreement pledged to the payment thereof. This Bond, including interest and premium, if any, hereon is payable solely from the revenues under the Loan Agreement pledged to the payment thereof, except to the extent payable out of any proceeds received from the sale or other disposition of the property subject to the Trust Indenture or the other Loan Documents (as defined in the Escrow and Disbursing Agreement). This Bond shall not constitute a debt of the Issuer within the meaning of any constitutional, statutory or charter limitation. Neither the State of Montana, the County of Yellowstone or any other political subdivision shall in any event be liable for the payment of the principal of, premium, if any or interest on this Bond or for the performance of any agreement of any kind whatsoever that may be undertaken by the Issuer. Neither this Bond nor any of the agreements or obligations of the Issuer contained herein or in the Loan Agreement shall be construed to constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions whatsoever, nor to constitute or give rise to a pecuniary liability or be a charge against the general credit or taxing power of the Issuer. No failure of the Issuer or any party to comply with any term, condition, covenant or agreement in the Bond, the Loan Agreement, the Escrow and Disbursing Agreement, the Assignment or the other Loan Documents (as defined in the Escrow and Disbursing Agreement) shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge, and no execution on any claim, demand, cause of action or judgment shall be levied upon or collect from the general credit, general funds or taxing powers of the Issuer.

8. The Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

9. It is intended that this Bond is made with reference to and shall be construed as a Montana contract and governed by the laws thereof, without giving effect to the conflicts-of-law principles thereof.

10. This Bond may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. No material modification of the terms and conditions of this Bond shall be effective without the prior written consent of the City.

11. If any term of this Bond, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Bond, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Bond shall be valid and enforceable to the fullest extent permitted by law.

12. *The City is unable to designate, and has not so designated, this Bond as a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.*

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen, and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due time, form and manner as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by its duly authorized officers and its corporate seal affixed all as of the ______ day of _________________, 2004.

CITY OF BILLINGS, MONTANA

By ______________________________
Mayor

By ______________________________
City Administrator

(SEAL)

Attest: __________________________
City Clerk

PROVISIONS AS TO REGISTRATION

NO WRITING HEREON EXCEPT BY
THE FINANCIAL SERVICES MANAGER AS BOND REGISTRAR

The ownership of the unpaid principal balance of this Bond and the interest accruing thereon has registered on the books of the Issuer in the name of the registered holder last noted below.

Date of Registration	Name and Address of Registered Holder	Signature of Financial Services Manager
__________, 2004	U.S. Bank National Association	__________
__________	__________	__________
__________	__________	__________
__________	__________	__________
__________	__________	__________
__________	__________	__________
__________	__________	__________

[SCHEDULE A

SCHEDULE OF AMOUNTS ADVANCED

Date	Advances	Total Amount Advanced	Notation Made By
			]