

ORDINANCE 28-1990

AUTHORIZING PROMISSORY NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF \$190,000 TOGETHER WITH THE CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974, AS AMENDED, 42 U.S.C., SECTION 5308, IN CONNECTION THEREWITH

THE STATE OF TEXAS :  
COUNTIES OF TAYLOR AND JONES :  
CITY OF ABILENE :

WHEREAS, the City of Abilene ("City") has entered into a community development project in accordance with Chapter 373 of the Local Government Code, and the City is desirous of issuing notes pursuant to Section 373.005 of the Local Government Code, to implement the program for the acquisition, construction and improvement or rehabilitation of privately-owned buildings and other improvements in an approved community development program that the City has determined to be a public program and is also the recipient of federal funds which may be used for these purposes in accordance with the Housing and Community Development Act of 1974 as managed by the United States Department of Housing and Urban Development; and

WHEREAS, the City deems it advisable to authorize, issue and sell its Notes in the aggregate principal amount of \$190,000 for those purposes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE:

1. That the Notes are hereby authorized to be executed and delivered by the City in accordance with the terms as provided in such Notes, copies of which are attached hereto as Exhibit A, as follows:

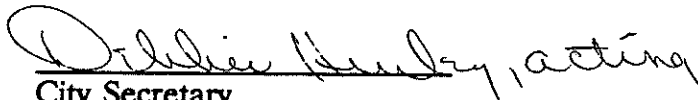
<u>Note Number</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
B-88-MC-48-0001-A	August 1, 1991	\$25,000
B-88-MC-48-0001-A	August 1, 1992	\$30,000
B-88-MC-48-0001-A	August 1, 1993	\$30,000
B-88-MC-48-0001-A	August 1, 1994	\$30,000
B-88-MC-48-0001-A	August 1, 1995	\$35,000
B-88-MC-48-0001-A	August 1, 1996	\$40,000

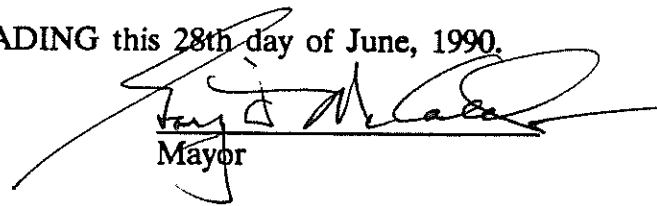
2. That the Contract for Loan Guarantee Assistance between the City, as the Borrower, and the Secretary of Housing and Urban Development, as the Guarantor, in reference to the payment of such Notes, is hereby authorized to be executed on behalf of the City, in accordance with the terms as provided in the Contract for Loan Guarantee Assistance, attached hereto as Exhibit B.

3. That the officers and employees of the City are hereby directed to do any all things necessary in order to accomplish the issuance of the Notes and securing of same all in accordance with the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974.

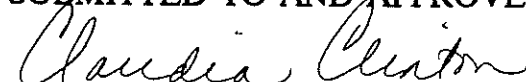
PASSED ON FIRST READING this 14th day of June, 1990.

PASSED ON SECOND AND FINAL READING this 28th day of June, 1990.

  
City Secretary

  
Mayor

SUBMITTED TO AND APPROVED BY ME FOR ADOPTION:

  
City Attorney

## NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,

CUSIP NUMBER: \_\_\_\_\_

TexasMATURITY DATE: August 1, 1991

COMMITMENT

AMOUNT: \$25,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST

RATE: As set forth below.

PRINCIPAL

AMOUNT: \_\_\_\_\_

REGISTERED

HOLDER: Merrill Lynch  
Government  
Securities Inc.

PUBLIC OFFERING

INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene (the "Borrower", which term includes any successors and assigns), a municipal corporation organized and existing under the laws of the State of Texas, promises to pay to the order of the above named Registered Holder (the "Holder", which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the initial Holder to the Borrower (individually, the "Advance", and collectively, the "Advances"). The initial Holder shall make the Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract (as hereinafter defined), which provisions shall not be deemed to vary any obligations specified in this Note; provided, however, that the total amount of Advances under this Note shall not exceed the Commitment Amount as specified on the face of this Note. The initial Holder shall insert the date and amount of each such Advance on the attached Record of Advances.

This Note shall be delivered on or prior to the Public Offering Date (as hereinafter defined) in fully registered form to \_\_\_\_\_ as Fiscal Agent (the "Fiscal Agent") pursuant to the terms of the Series \_\_\_\_\_ Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of \_\_\_\_\_ between the Fiscal Agent and the borrowers specified therein, including the Borrower. The terms and provisions of the Fiscal Agency Agreement, insofar as they affect the rights, duties and obligations of the Holder, are hereby incorporated herein and form a part of this Note. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including duties of paying agent and registrar for this Note. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement kept on file at its corporate trust office.

From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset

Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant

Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements

securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)



ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature

Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1991  
Commitment Amount: \$25,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1991  
 Commitment Amount: \$25,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____

Negotiated Rate after September 30, 19

Date: September 30, 1990  
Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:

Title:

Subsequent rates (if any)

NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,  
Texas

CUSIP NUMBER: \_\_\_\_\_

MATURITY DATE: August 1, 1992

COMMITMENT  
AMOUNT: \$30,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST  
RATE: As set forth below.

PRINCIPAL  
AMOUNT: \_\_\_\_\_

REGISTERED  
HOLDER: Merrill Lynch  
Government  
Securities Inc.

PUBLIC OFFERING  
INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene (the "Borrower", which term includes any successors and assigns), a municipal corporation organized and existing under the laws of the State of Texas, promises to pay to the order of the above named Registered Holder (the "Holder", which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the initial Holder to the Borrower (individually, the "Advance", and collectively, the "Advances"). The initial Holder shall make the Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract (as hereinafter defined), which provisions shall not be deemed to vary any obligations specified in this Note; provided, however, that the total amount of Advances under this Note shall not exceed the Commitment Amount as specified on the face of this Note. The initial Holder shall insert the date and amount of each such Advance on the attached Record of Advances.

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From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset

Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant



Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements

securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature

Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1992  
Commitment Amount: \$30,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1992  
 Commitment Amount: \$30,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____

Negotiated Rate after September 30, 19

Date: September 30, 1990

Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:

Title:

Subsequent rates (if any)



NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,  
Texas

CUSIP NUMBER: \_\_\_\_\_

MATURITY DATE: August 1, 1993

COMMITMENT  
AMOUNT: \$30,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST  
RATE: As set forth below.

PRINCIPAL  
AMOUNT: \_\_\_\_\_

REGISTERED  
HOLDER: **Merrill Lynch  
Government  
Securities Inc.**

PUBLIC OFFERING  
INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene  
(the "Borrower", which term includes any successors and assigns), a  
municipal corporation organized and existing under the laws of the  
State of Texas, promises to pay to the order of the above named  
Registered Holder (the "Holder", which term includes any successors or  
assigns), at the time, in the manner, and with interest at the rate or rates  
hereinafter provided, such amounts as may be advanced under this Note from  
time to time by the initial Holder to the Borrower (individually, the  
"Advance", and collectively, the "Advances"). The initial Holder shall make  
the Advances upon the written request of the Borrower and the approval of the  
Secretary of Housing and Urban Development or his designee (the "Secretary"),  
pursuant to the Contract (as hereinafter defined), which provisions shall not  
be deemed to vary any obligations specified in this Note; provided, however,  
that the total amount of Advances under this Note shall not exceed the  
Commitment Amount as specified on the face of this Note. The initial Holder  
shall insert the date and amount of each such Advance on the attached Record  
of Advances.

This Note shall be delivered on or prior to the Public Offering Date (as hereinafter defined) in fully registered form to \_\_\_\_\_ as Fiscal Agent (the "Fiscal Agent") pursuant to the terms of the Series \_\_\_\_\_ Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of \_\_\_\_\_ between the Fiscal Agent and the borrowers specified therein, including the Borrower. The terms and provisions of the Fiscal Agency Agreement, insofar as they affect the rights, duties and obligations of the Holder, are hereby incorporated herein and form a part of this Note. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including duties of paying agent and registrar for this Note. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement kept on file at its corporate trust office.

From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset

Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant

Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements

securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature

Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1993  
Commitment Amount: \$30,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_





Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1993  
 Commitment Amount: \$30,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____

Negotiated Rate after September 30, 19

Date: September 30, 1990

Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:

Title:

Subsequent rates (if any)

NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,

CUSIP NUMBER: \_\_\_\_\_

Texas

MATURITY DATE: August 1, 1994

COMMITMENT  
AMOUNT: \$30,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST  
RATE: As set forth below.

PRINCIPAL  
AMOUNT: \_\_\_\_\_

REGISTERED  
HOLDER: Merrill Lynch  
Government  
Securities Inc.

PUBLIC OFFERING  
INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene  
(the "Borrower", which term includes any successors and assigns), a  
municipal corporation organized and existing under the laws of the  
State of Texas, promises to pay to the order of the above named  
Registered Holder (the "Holder", which term includes any successors or  
assigns), at the time, in the manner, and with interest at the rate or rates  
hereinafter provided, such amounts as may be advanced under this Note from  
time to time by the initial Holder to the Borrower (individually, the  
"Advance", and collectively, the "Advances"). The initial Holder shall make  
the Advances upon the written request of the Borrower and the approval of the  
Secretary of Housing and Urban Development or his designee (the "Secretary"),  
pursuant to the Contract (as hereinafter defined), which provisions shall not  
be deemed to vary any obligations specified in this Note; provided, however,  
that the total amount of Advances under this Note shall not exceed the  
Commitment Amount as specified on the face of this Note. The initial Holder  
shall insert the date and amount of each such Advance on the attached Record  
of Advances.

This Note shall be delivered on or prior to the Public Offering Date (as hereinafter defined) in fully registered form to \_\_\_\_\_ as Fiscal Agent (the "Fiscal Agent") pursuant to the terms of the Series \_\_\_\_\_ Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of \_\_\_\_\_ between the Fiscal Agent and the borrowers specified therein, including the Borrower. The terms and provisions of the Fiscal Agency Agreement, insofar as they affect the rights, duties and obligations of the Holder, are hereby incorporated herein and form a part of this Note. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including duties of paying agent and registrar for this Note. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement kept on file at its corporate trust office.

From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset

Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant

Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements



securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature

Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1994  
Commitment Amount: \$30,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1994  
 Commitment Amount: \$30,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____

Negotiated Rate after September 30, 19

Date: September 30, 1990  
Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:

Title:

Subsequent rates (if any)

NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,  
Texas

CUSIP NUMBER: \_\_\_\_\_

MATURITY DATE: August 1, 1995

COMMITMENT  
AMOUNT: \$35,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST  
RATE: As set forth below.

PRINCIPAL  
AMOUNT: \_\_\_\_\_

REGISTERED  
HOLDER: Merrill Lynch  
Government  
Securities Inc.

PUBLIC OFFERING  
INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene  
(the "Borrower", which term includes any successors and assigns), a  
municipal corporation organized and existing under the laws of the  
State of Texas, promises to pay to the order of the above named  
Registered Holder (the "Holder", which term includes any successors or  
assigns), at the time, in the manner, and with interest at the rate or rates  
hereinafter provided, such amounts as may be advanced under this Note from  
time to time by the initial Holder to the Borrower (individually, the  
"Advance", and collectively, the "Advances"). The initial Holder shall make  
the Advances upon the written request of the Borrower and the approval of the  
Secretary of Housing and Urban Development or his designee (the "Secretary"),  
pursuant to the Contract (as hereinafter defined), which provisions shall not  
be deemed to vary any obligations specified in this Note; provided, however,  
that the total amount of Advances under this Note shall not exceed the  
Commitment Amount as specified on the face of this Note. The initial Holder  
shall insert the date and amount of each such Advance on the attached Record  
of Advances.

This Note shall be delivered on or prior to the Public Offering Date (as hereinafter defined) in fully registered form to \_\_\_\_\_ as Fiscal Agent (the "Fiscal Agent") pursuant to the terms of the Series \_\_\_\_\_ Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of \_\_\_\_\_ between the Fiscal Agent and the borrowers specified therein, including the Borrower. The terms and provisions of the Fiscal Agency Agreement, insofar as they affect the rights, duties and obligations of the Holder, are hereby incorporated herein and form a part of this Note. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including duties of paying agent and registrar for this Note. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement kept on file at its corporate trust office.

From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset



Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant

Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements

securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature

Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1995  
Commitment Amount: \$35,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1995  
 Commitment Amount: \$35,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____



Negotiated Rate after September 30, 19

Date: September 30, 1990  
Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:  
Title:

Subsequent rates (if any)

NOTE

NOTE NUMBER: B-88-MC-48-0001-A

DATE OF NOTE: \_\_\_\_\_

BORROWER: City of Abilene,  
Texas

CUSIP NUMBER: \_\_\_\_\_

MATURITY DATE: August 1, 1996

COMMITMENT  
AMOUNT: \$40,000

PUBLIC OFFERING DATE: \_\_\_\_\_

INTERIM INTEREST  
RATE: As set forth below.

PRINCIPAL  
AMOUNT: \_\_\_\_\_

REGISTERED  
HOLDER: Merrill Lynch  
Government  
Securities Inc.

PUBLIC OFFERING  
INTEREST RATE: \_\_\_\_\_

For value received, the undersigned, City of Abilene  
(the "Borrower", which term includes any successors and assigns), a  
municipal corporation organized and existing under the laws of the  
State of Texas, promises to pay to the order of the above named  
Registered Holder (the "Holder", which term includes any successors or  
assigns), at the time, in the manner, and with interest at the rate or rates  
hereinafter provided, such amounts as may be advanced under this Note from  
time to time by the initial Holder to the Borrower (individually, the  
"Advance", and collectively, the "Advances"). The initial Holder shall make  
the Advances upon the written request of the Borrower and the approval of the  
Secretary of Housing and Urban Development or his designee (the "Secretary"),  
pursuant to the Contract (as hereinafter defined), which provisions shall not  
be deemed to vary any obligations specified in this Note; provided, however,  
that the total amount of Advances under this Note shall not exceed the  
Commitment Amount as specified on the face of this Note. The initial Holder  
shall insert the date and amount of each such Advance on the attached Record  
of Advances.

This Note shall be delivered on or prior to the Public Offering Date (as hereinafter defined) in fully registered form to \_\_\_\_\_ as Fiscal Agent (the "Fiscal Agent") pursuant to the terms of the Series \_\_\_\_\_ Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of \_\_\_\_\_ between the Fiscal Agent and the borrowers specified therein, including the Borrower. The terms and provisions of the Fiscal Agency Agreement, insofar as they affect the rights, duties and obligations of the Holder, are hereby incorporated herein and form a part of this Note. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including duties of paying agent and registrar for this Note. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement kept on file at its corporate trust office.

From the date of each Advance to September 30, 1990 or the Public Offering Date, whichever is earlier, interest shall be paid quarterly on the unpaid principal balance of each Advance on the first day of February, May, August and November (each, an "Interim Payment Date"), commencing on \_\_\_\_\_, and also shall be paid on September 30, 1990 or the Public Offering Date, as the case may be. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the first Interim Payment Date. The amount of interest payable on September 30, 1990 or the Public Offering Date, as the case may be, will represent interest accrued during the period from the last Interim Payment Date to September 30, 1990 or the Public Offering Date, as the case may be.

The initial interest rate for each Advance will be set on the date of such Advance and will be equal to 35 basis points (0.35%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to an interest rate equal to 35 basis points (0.35%) above the Applicable LIBO Rate.

"LIBO Rate" means an interest rate per annum equal to the average of the rates of interest per annum at which deposits in United States dollars are offered by banks listed in the Reuters "LIBO" page to prime banks in the London interbank market at 11:00 a.m., London time, for certain periods.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for this first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance for a period equal to the number of days from and including the date of such Advance to but excluding the first Reset

Date; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date for a period equal to 30 days; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date for a period equal to 30 days.

In the event that the Public Offering Date is a date subsequent to September 30, 1990, interest from and after September 30, 1990 to the Public Offering Date shall be paid on the unpaid balance of all Advances at a rate and on payment dates to be determined by the Secretary.

The interest rate as of the Public Offering Date (the "Public Offering Interest Rate") shall be specified on the face of this Note and shall be that rate which will enable the Underwriters (as hereinafter defined) to sell this Note under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate amount of all Advances owing hereunder (the "Principal Amount") as specified on the face of this Note.

From and after the Public Offering Date, interest at the Public Offering Interest Rate shall be paid on February 1 and August 1 of each year (each, a "Payment Date"), commencing \_\_\_\_\_ 1, 19\_\_\_\_ and on the Maturity Date as specified on the face of this Note. Interest payable on or before the Public Offering Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Public Offering Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal Amount of this Note shall be repaid on the Maturity Date.

Both principal and interest shall be paid in such funds as are at the time of payment legal tender for the payment of debts due to the United States. After the Public Offering Date, payment of principal and interest shall be made in the manner and as provided in the Fiscal Agency Agreement.

If a payment of principal or interest herein provided for shall not be made by the close of business on the second Business Day (as hereinafter defined) next succeeding an Interim Payment Date or a Payment Date, as the case may be, interest shall accrue on the amount of such payment at the then applicable interest rate payable on this Note, from the relevant

Interim Payment Date or Payment Date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder to receive any and all payments of principal and interest specified in this Note.

Whenever any payment under this Note shall be due on a Saturday, Sunday or holiday for the Holder of this Note, such payment shall be due on the first day thereafter on which the Secretary and such Holder are open for business.

This Note evidences indebtedness incurred pursuant to and in accordance with a Contract for Loan Guarantee Assistance (the "Contract"), dated as of \_\_\_\_\_, and any amendments thereto, between the Borrower and the Secretary, and pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. §5308 (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of such terms and provisions, including a description of the collateral security for this Note. The payment of principal and interest when and as due on this Note in accordance with its terms is unconditionally guaranteed by the Secretary to the Holder (the "Guarantee"). The Secretary's Guarantee shall be executed contemporaneously with the execution of this Note, and shall be issued pursuant to and in accordance with the terms and provisions of the Contract and Section 108 of the HCD Act.

As used in this Note, the following terms with initial capital letters shall have the following meanings. "Business Day" shall mean a day on which banks in the city in which the principal office of the Holder is located are not required or authorized to remain closed and on which the Federal Reserve Bank of New York and the New York Stock Exchange are not closed. "London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. The "Underwriters" shall mean the Underwriters selected by the Secretary. The "Public Offering Date" shall be that date determined by the Underwriters after consultation with the Secretary and specified in a notice given by the Underwriters to the Holder not less than seven (7) calendar days in advance thereof.

Pursuant to the Fiscal Agency Agreement, the Fiscal Agent shall, in connection with the public offering of this Note, insert in the spaces provided on the face of this Note the Public Offering Date, the Public Offering Interest Rate, the Principal Amount, the CUSIP Number and such other information as may be required pursuant to the terms of the Fiscal Agency Agreement. On and after the Public Offering Date, this Note may be exchanged for a new note or notes to be delivered by the Borrower in

connection with the public offering, such exchange to occur at a time and place to be designated by the Underwriters. The new notes shall be modified in such form as agreed to by the Secretary and the Underwriters, all in accordance with the terms and provisions of the Contract.

To the extent not inconsistent with applicable law, this Note shall be subject to modification by such amendments, extensions, and renewals as may be agreed upon from time to time by the Secretary, the Borrower, and the Holder (or if the Holder is The Depository Trust Company, by the owners of the beneficial interests in this Note). Prior to the Public Offering Date, the Borrower hereby agrees to allow the Secretary to consent on its behalf to such modifications, including any modifications with respect to the interest rate borne by this Note.

At any time until the Public Offering Date, the Borrower, with the consent of the Secretary, may prepay this Note, in whole or in part, upon seven (7) calendar days notice to the Holder and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid principal amount to be prepaid, plus accrued interest thereon to the date of prepayment. Partial prepayments shall be credited against principal.

A default under this Note shall occur upon the failure by the Borrower to pay when due principal or interest on this Note. The Borrower hereby waives notice of default and opportunity for hearing for failure to make a payment when due.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. §570.913, including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may withhold the guarantee of any or all obligations not yet guaranteed under outstanding commitments, suspend approval of further Advances hereunder, and request the Borrower's financial institution to refuse to honor any instruments drawn upon, or withdrawals from the Guaranteed Loan Funds Account (as defined in the Contract) or to release obligations and assignments from the Guaranteed Loan Funds Investment Account (as defined in the Contract), pending the Secretary's final decision. Until the Public Offering Date, upon the occurrence of a Default, the then outstanding principal sum of this Note together with accrued interest thereon may be declared due and payable by the Secretary in the manner and with the effect provided in the Contract.

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements

securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

From and after the Public Offering Date, this Note is not subject to prepayment or acceleration.

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note.

This Note is issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act.

IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower, has executed and delivered this Note.

City of Abilene, Texas  
BORROWER

BY: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of substitution.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Note: The signature to this assignment must correspond with the name as written on the face of the Note without without alteration or enlargement or other change.

Signature Guaranteed:

\_\_\_\_\_  
Bank, Trust Company or Firm

By: \_\_\_\_\_  
Authorized Signature



Note Number: B-88-MC-48-0001-A  
Date of Note: \_\_\_\_\_  
Maturity Date: August 1, 1996  
Commitment Amount: \$40,000  
Borrower: Abilene, Texas  
Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF ADVANCES

Authorized Official

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Advance Number: \_\_\_\_\_  
Amount of Advance: \_\_\_\_\_  
Date Made: \_\_\_\_\_  
Initial Interest Rate: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Note Number: B-88-MC-48-0001-A  
 Date of Note: \_\_\_\_\_  
 Maturity Date: August 1, 1996  
 Commitment Amount: \$40,000  
 Borrower: Abilene, Texas  
 Registered Holder: Merrill Lynch Government Securities, Inc.

RECORD OF INTEREST RATES

Initial Interest Rate

Date: \_\_\_\_\_, 199\_\_

LIBO Rate as of two London Banking  
 Days preceding \_\_\_\_\_, 199\_\_ : \_\_\_\_\_ %

Initial Interest Rate: \_\_\_\_\_ %

Authorized Official: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Reset Rates

<u>Reset Date</u>	<u>LIBO Rate as of two London Banking Days preceding Reset Date</u>	<u>Applicable Interest Rate</u>	<u>Authorized Official</u>
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____
_____	_____	_____	Name: _____ Title: _____

Negotiated Rate after September 30, 19

Date: September 30, 1990

Interest Rate or Interest Rate Formula:

First negotiated rate: \_\_\_\_\_

Authorized Official: \_\_\_\_\_

Name:

Title:

Subsequent rates (if any)