

**FINANCIAL GUARANTY INSURANCE POLICY
FOR SWAP AGREEMENT**

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
(212) 668-0340

Policy No. SWLP0227BE

Effective Date: December 20, 2005

Ambac Assurance Corporation (“**Ambac**”) hereby unconditionally and irrevocably guarantees the full and complete payment of amounts Due for Payment (defined below) by Ambac Financial Services, LLC (“**AFS**”), to The Public Building Authority of Blount County, Tennessee, or its successors or permitted assigns (“**Counterparty**”), pursuant to the ISDA Master Agreement, dated as of December 20, 2005, by and between AFS and Counterparty including the Schedule and any ISDA Credit Support Annex thereto and all Transactions (as defined therein) thereunder (collectively, and as amended from time to time, the “**Agreement**”), in consideration of the payment of the premium by AFS, subject to the terms of this policy (“**Policy**”) and following the delivery, in accordance with the Agreement, by Counterparty to AFS and Ambac of a swap notice in the form attached hereto as Attachment 1 (a “**Swap Notice**”) or the delivery, in accordance herewith, by either Ambac or Counterparty of a notice, in the form attached hereto as Attachment 2 (an “**Early Payment Notice**”), as the case may be. Capitalized terms used herein and not otherwise defined have the meanings assigned thereto in the Agreement.

As used herein, amounts “**Due for Payment**” refers to (a) if an Ambac-Triggered Event (defined below) has occurred and is continuing on the date on which a correct and conforming Swap Notice is delivered to Ambac, the amount due by AFS to Counterparty either (i) as a result of the early termination of the Agreement or (ii) on the final Scheduled Payment Date under the Agreement, as the case may be, and (b) if an Ambac-Triggered Event is not continuing on the date on which a correct and conforming Swap Notice is delivered to Ambac, (i) amounts required to be paid by Ambac to Counterparty by reference to the Post-Novation Reference Agreement (defined below) prior to an Early Payment Date (defined below) and (ii) if an Early Payment Date occurs, the amount required to be paid by Ambac as if there had been an Early Termination Date under the Post-Novation Reference Agreement on the same date as such Early Payment Date.

An “**Ambac-Triggered Event**” means an Event of Default or Termination Event with respect to which AFS is the Defaulting Party or an Affected Party under the Agreement where such Event of Default or Termination Event arises solely by reason of an event or condition that is directly attributable to AFS’s Credit Support Provider.

“**Post-Novation Reference Agreement**” shall mean the Agreement as it would have operated if Ambac (instead of AFS) had been a party to the Agreement (including, without limitation, any ISDA Credit Support Annex) but without regard to (i) any obligations of AFS contained in any provisions in the Schedule to the Agreement that, by their terms, are only

applicable prior to the Novation of the Agreement or that are unique by their nature to AFS or (ii) references in the Agreement to Party A's Credit Support Provider.

1. Ambac will make a deposit of funds in an account with Counterparty in New York, New York, sufficient for the payment to Counterparty, of amounts Due for Payment hereunder on the day that is the later of (x) the date on which such amount is due under the Agreement or, if there is a Novation of the Agreement, by reference to the Post-Novation Reference Agreement and (y) one (1) business day following receipt by Ambac of a Swap Notice or Early Payment Notice, as the case may be.

2. A Swap Notice may be delivered by telecopy of the executed Swap Notice to the attention of the General Counsel of Ambac. If a Swap Notice delivered hereunder does not, in any instance, conform to the terms and conditions of this Policy, Ambac shall give notice to Counterparty, as promptly as reasonably practicable, that such Swap Notice was not effected in accordance with the terms and conditions of this Policy and briefly stating the reason(s) therefor. Upon being notified that such Swap Notice was not effected in accordance with this Policy, Counterparty may promptly attempt to correct any such nonconforming Swap Notice.

3. If no Ambac-Triggered Event is continuing on the date on which a correct and conforming Swap Notice is delivered to Ambac in accordance herewith, then, in consideration of the agreements and assignment by Counterparty in the Agreement, Ambac (a) hereby assumes (as of the date of such Swap Notice) all of Counterparty's remaining obligations under the Agreement with respect to AFS and (b) thereafter, without duplication of the obligation to pay amounts Due for Payment hereunder, shall perform for the benefit of Counterparty by reference to the Post-Novation Reference Agreement. In order to secure Ambac's obligations hereunder subsequent to the Novation of the Agreement, Ambac hereby grants to Counterparty a security interest in all collateral held by Counterparty pursuant to the Agreement, and in any and all proceeds of and distributions thereon, subject to the provisions set forth in the Post-Novation Reference Agreement.

4. Subsequent to the Novation of the Agreement:

(a) Counterparty shall be entitled to designate an Early Payment Date hereunder by delivering to Ambac an Early Payment Notice (i) upon the occurrence of any event that, by reference to the Post-Novation Reference Agreement, permits Counterparty to designate an Early Termination Date or (ii) for failure by Ambac to pay any amount Due for Payment hereunder; and

(b) Ambac shall be entitled to designate an Early Payment Date hereunder by delivering to Counterparty an Early Payment Notice upon the occurrence of any event that, by reference to the Post-Novation Reference Agreement, permits Ambac to designate an Early Termination Date.

An "**Early Payment Date**" shall mean (i) a date designated in an Early Payment Notice delivered hereunder that, by reference to the Post-Novation Reference Agreement, Counterparty or Ambac is entitled to designate as an Early Termination Date and (ii) the

Early Termination Date set forth in the Post-Novation Reference Agreement as the result of an "Automatic Early Termination" as described therein.

An Early Payment Notice shall be delivered in accordance with the terms set forth in the Post-Novation Reference Agreement.

5. Ambac shall promptly notify Counterparty if, upon Counterparty's delivery of a Swap Notice, an Ambac-Triggered Event has occurred and is continuing.

6. Subsequent to the Novation of the Agreement, Ambac may, without the consent of Counterparty, unilaterally cause Counterparty to be a party to a swap agreement on terms identical to the Agreement with any affiliate or subsidiary of Ambac (a "**Designee**"), with only such changes as are necessary to reflect the identity of the Designee (such agreement, a "**Designee Swap Agreement**"); *provided* that (w) Ambac has either (i) confirmed in writing to Counterparty and Designee that this Policy shall cover the Designee's obligations under such Designee Swap Agreement or (ii) issued a financial guaranty insurance policy of the same scope, manner and tenor as this Policy covering such Designee's obligations under such Designee Swap Agreement, (x) at the time Counterparty would become party to such Designee Swap Agreement, no Event of Default or Potential Event of Default or Termination Event (as defined therein) would be occurring thereunder with respect to Designee, (y) Counterparty will not, as a result of becoming a party to such Designee Swap Agreement, be required on the next succeeding Scheduled Payment Date (as defined therein) to pay to Designee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) thereof (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e) thereof) greater than the amount in respect of which Counterparty would have been required to pay to AFS under the Agreement and (z) Designee will not be required on the next succeeding Scheduled Payment Date to withhold or deduct on account of a Tax under Section 2(d)(i) thereof (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e) thereof) amounts in excess of that which AFS would on the next succeeding Scheduled Payment Date have been required to so withhold or deduct under the Agreement unless Designee would be required to make additional payments pursuant to Section 2(d)(i)(4) thereof corresponding to such excess. With respect to the result described in clauses (y) and (z) of this Section 6, the Designee Swap Agreement will contain such Payee Tax Representations and Payer Tax Representations as may be necessary in order to permit each party to determine that such result will not occur. All reasonable expenses of Counterparty in connection with a Designee Swap Agreement or prospective Designee Swap Agreement shall be paid by Ambac.

7. Upon the earlier of (x) payment in full by Ambac to Counterparty of all amounts Due for Payment from Ambac hereunder and (y) the issuance by Ambac of a new financial guaranty insurance policy in connection with the implementation of a Designee Swap Agreement in accordance with Section 6 of this Policy, Ambac shall have no further obligation under this Policy.

8. Ambac's obligations to make payment under this Policy are irrevocable, absolute and unconditional, irrespective of the value, genuineness, validity, legality or enforceability of the Agreement or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for the amounts Due for Payment hereunder, and, to the fullest extent permitted by applicable law, irrespective of any

other circumstance which might constitute a legal or equitable defense to payment of a surety or guarantor, including fraud in the inducement or fraud in fact. Ambac hereby expressly waives diligence, presentment, protest and any requirement that Counterparty exhaust any right, power or remedy or proceed against AFS, or against any other person under any other guarantee of, or security for, the Agreement, *provided* that Counterparty shall be required to deliver a Swap Notice or Early Payment Notice, as the case may be, as contemplated by this Policy. None of the foregoing waivers shall prejudice any claim Ambac may have, whether directly or as subrogee of Counterparty, subsequent to making such payment to Counterparty in accordance with this Policy.

9. Any service of process on Ambac may be made to Ambac at the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, the General Counsel of Ambac will act as agent for the acceptance of service of process. The office of the General Counsel of Ambac is located at One State Street Plaza, New York, New York 10004.

10. This Policy is noncancelable for any reason. The premium on this Policy is not refundable for any reason, including early termination of the Agreement by Counterparty or AFS.

11. This Policy shall be governed by and interpreted under the laws of the State of New York, and any suit hereunder in connection with any amount due hereunder may be brought only by Counterparty and only within the time limit prescribed by any applicable statute of limitations. The insurance provided by this Policy is not covered by the New York Property/Casualty Insurance Security Fund (New York Insurance Code, Article 76).

12. In the event of a payment default by or insolvency of AFS, there shall be no acceleration of the payment required to be made under this Policy unless (i) such acceleration is at the sole option of Ambac or (ii) Ambac has defaulted under this Policy or is insolvent.

IN WITNESS WHEREOF, Ambac has caused this Policy to be executed and attested on its behalf this 22nd day of June, 2005.

AMBAC ASSURANCE CORPORATION

Attest: *Patrick J. Penner*
Assistant Secretary

By: *[Signature]*
Name: *Sean Kim*
Title: *First Vice President & Asst + General Counsel*

Attachment 1

Financial Guaranty Insurance Policy No. SWLP0227BE

SWAP NOTICE

[Date]

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Ambac Financial Services, LLC
One State Street Plaza
New York, New York 10004

Reference is made to the ISDA Master Agreement, dated as of December 20, 2005, between Ambac Financial Services, LLC (“**AFS**”) and The Public Building Authority of Blount County, Tennessee (“**Counterparty**”), including the Schedule and any ISDA Credit Support Annex thereto, and all Transactions (as defined therein) thereunder (collectively, and as amended as of the date hereof, the “**Agreement**”) and Policy No. SWLP0227BE (the “**Policy**”) issued by Ambac Assurance Corporation (“**Ambac**”). The terms that are capitalized herein and not otherwise defined have the meanings specified in the Agreement unless the context otherwise requires.

1. [An Event of Default in respect of AFS as the Defaulting Party] [A Termination Event in respect of AFS as an Affected Party] specified in Section ___ of the Agreement has occurred and is continuing under the Agreement.

2. As a consequence thereof, Counterparty hereby designates [DATE] as the Early Termination Date for the Agreement and, unless an Ambac-Triggered Event has occurred and is continuing on the date of receipt hereof, acknowledges that a Novation of the Agreement shall occur in accordance with the Agreement and the Policy.

3. If an Ambac-Triggered Event has occurred and is continuing on the date of receipt hereof, then this Swap Notice shall constitute a demand for payment by Ambac of any amounts due but unpaid by AFS to Counterparty under the Agreement in respect of the Early Termination Date designated in paragraph (2) above.

4. If no Ambac-Triggered Event is continuing on the date of receipt hereof, then Counterparty hereby agrees to perform for the benefit of Ambac by reference to the Post-Novation Reference Agreement and confirms all of the other agreements made by it, for the benefit of Ambac, in the Agreement.

5. Counterparty hereby agrees (x) to Ambac's unilateral right to cause Counterparty to be a party to a swap agreement pursuant to Section 6 of the Policy and (y) that, without derogation of its rights under the Policy, it shall, upon the request of Ambac, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, within a reasonable period following such request, such instruments and take such further action as may be reasonably necessary to effectuate the intention, performance and provisions of the Policy.

6. Notwithstanding any of the above, if the Event of Default cited in paragraph (1) above is the failure by AFS to pay the amount due under the Agreement on the final Scheduled Payment Date, then, whether or not an Ambac-Triggered Event has occurred and is continuing on the date of receipt hereof, this Swap Notice shall constitute a demand for payment by Ambac of such amount.

The Public Building Authority of Blount
County, Tennessee

By: _____
Name:
Title:

Attachment 2

Financial Guaranty Insurance Policy No. SWLP0227BE

EARLY PAYMENT NOTICE

[Date]

[RECIPIENT OF NOTICE]

Reference is made to the Policy No. SWLP0227BE (the “**Policy**”) issued by Ambac Assurance Corporation (“**Ambac**”) in respect of the ISDA Master Agreement, dated as of December 20, 2005, between Ambac Financial Services, LLC and The Public Building Authority of Blount County, Tennessee (“**Counterparty**”), including the Schedule and any ISDA Credit Support Annex thereto, and all Transactions (as defined therein) thereunder, as amended and/or novated as of the date hereof. The terms that are capitalized herein and not otherwise defined have the meanings specified in the Policy unless the context otherwise requires.

This Notice is given pursuant to Section 4 of the Policy.

[**PARTY GIVING NOTICE**] hereby designates [**DATE**] as the Early Payment Date¹ in connection with the occurrence of an event with respect to [**Ambac**][**Counterparty**] that constitutes [**an Event of Default**] [**a Termination Event**] specified in Section ___ of the Post-Novation Reference Agreement.

Notwithstanding any of the above, if the Event of Default cited above is the failure by Ambac to pay the amount due by reference to the Post-Novation Reference Agreement on the final Scheduled Payment Date (as defined therein), then, whether or not an Ambac-Triggered Event has occurred and is continuing on the date of receipt hereof, this Early Payment Notice shall constitute a demand for payment by Ambac of such amount.

[**PARTY GIVING NOTICE**]

By: _____
Name:
Title:

¹ A date not earlier than one (1) business day, and not later than twenty (20) days, following the date on which the Early Payment Notice is delivered.