

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

ASSIGNMENT GUARANTEE AGREEMENT  
(Business and Industry and Section 9006 Program)

Type of Loan B&I USDA Loan Identification Number # as it appears on 4279-5  
7 C.F.R. part 4279, subparts A and B  
7 C.F.R. part 4287, subpart B  
7 C.F.R. part 4280, subpart B  
Ajax Bank of City, State

(Lender) has made a loan to (Borrower Name) exactly as it appears on 4279-5

in the principal amount of \$ 2,000,000.00 as evidenced by a note dated 7/1/2009.  
The United States of America, acting through the U.S. Department of Agriculture (USDA) entered into a Loan Note Guarantee (Form 4279-5) with the Lender applicable to such loan to guarantee the loan not to exceed 80 % of the amount of the principal advanced and any interest due thereon as provided therein.

Coastal Securities of Houston, TX

(Holder) desires to purchase from Lender 50 % of the guaranteed portion of such loan. Copies of Borrower's note and the Loan Note Guarantee are attached hereto as a part hereof.

**NOW, THEREFORE, THE PARTIES AGREE:**

1. The principal amount of the loan now outstanding is \$ 2,000,000.00. Lender hereby assigns to Holder 50 % of the guaranteed portion of the loan representing \$ 800,000.00 of such loan now outstanding in accordance with all of the terms and conditions hereinafter set forth. The Lender and USDA certify to the Holder that the Lender has paid and USDA has received the guarantee fee in exchange for the issuance of the Loan Note Guarantee.

2. **Loan Servicing.** The Lender will be responsible for servicing the entire loan and will remain mortgagee and secured party of record. The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan.

The Lender will receive all payments on account of principal of, or interest on, the entire loan and shall promptly remit to the Holder its pro rata share thereof determined according to their respective interests in the loan, less only the Lender's servicing fee.

3. **Servicing Fee.** Holder agrees that Lender will retain a servicing fee of .25 percent per annum of the unpaid balance of the guaranteed portion of the loan assigned hereunder.

4. **Purchase by Holder.** The Holder will hereby succeed to all rights of the Lender under the Loan Note Guarantee to the extent of the assigned portion of the loan. The Lender, however, will remain bound by all obligations under the Loan Note Guarantee and the program regulations found in 7 C.F.R. parts 4279 and 4287 and for the Section 9006 Program, 7 C.F.R. part 4280, now in effect and future USDA program regulations not in conflict with the provisions hereof.

5. **Full Faith and Credit.** The Loan Note Guarantee constitutes an obligation supported by the full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which the Holder has actual knowledge at the time of this assignment, or which it participates in or condones. The guarantee will be unenforceable to the extent that any loss is occasioned by a provision for interest on interest.

6. **Rights and Liabilities.** The guarantee and right to require purchase will be directly enforceable by Holder notwithstanding any fraud or misrepresentations by Lender or any unenforceability of the Loan Note Guarantee by Lender. Nothing contained herein shall constitute any waiver by USDA of any rights it possesses against the Lender, and the Lender agrees that Lender will be liable and will promptly reimburse USDA for any payment made by USDA to Holder which, if such Lender had held the guaranteed portion of the loan, USDA would not be required to make. The Holder upon written notice to the Lender and USDA may resell the unpaid balance of the guaranteed portion of the loan assigned hereunder.

*According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0017. The time required to complete this information is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

**7. Repurchase by the Lender (Defaults).** The Lender has the option to repurchase the unpaid guaranteed portion of the loan from the Holder within 30 days of written demand by the Holder when: (a) the Borrower is in default not less than 60 days on principal or interest due on the loan or (b) the Lender has failed to remit to the Holder its pro rata share of any payment made by the Borrower or any loan subsidy within 30 days of its receipt thereof. The repurchase by the Lender will be for an amount equal to the unpaid guaranteed portion of principal and accrued interest, less the Lender's servicing fee. The loan note guarantee will not cover the note interest to the Holder on the guaranteed loan accruing after 90 days from the date of the demand letter to the lender requesting the repurchase. Holder will concurrently send a copy of demand to USDA. The Lender will accept an assignment without recourse from the Holder upon repurchase. The Lender is encouraged to repurchase the loan to facilitate the accounting for funds, resolve the problem, and to permit the borrower to cure the default, where reasonable. The Lender will notify the Holder and USDA of its decision.

**8. Purchase by USDA.** If Lender does not repurchase as provided by paragraph 7, USDA will purchase from Holder the unpaid principal balance of the guaranteed portion together with accrued interest to date of repurchase, less Lender's servicing fee, within 30 days after written demand to USDA from the Holder. The Loan Note Guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the original demand letter of the Holder to the lender requesting the repurchase. Such demand will include a copy of the written demand made upon the Lender. The Holder or its duly authorized agent will also include evidence of its right to require payment from USDA. Such evidence will consist of either the original of the Loan Note Guarantee properly endorsed to USDA or the original of the Assignment Guarantee Agreement properly assigned to USDA without recourse including all rights, title, and interest in the loan. USDA will be subrogated to all rights of Holder. The Holder will include in its demand the amount due including unpaid principal, unpaid interest to date of demand and interest subsequently accruing from date of demand to proposed payment date. Unless otherwise agreed to by USDA, such proposed payment will not be later than 30 days from the date of demand.

USDA will promptly notify the Lender of its receipt of the Holder's demand for payment. The Lender will promptly provide USDA with the information necessary for USDA's determination of the appropriate amount due the Holder. Any discrepancy between the amount claimed by Holder and the information submitted by the Lender must be resolved before payment will be approved. USDA will notify both parties who must resolve the conflict before payment will be approved. Such a conflict will suspend the running of the 30 day payment requirement. Upon receipt of the appropriate information, USDA will review the demand and remit the appropriate check to Holder.

**9. Lender's Obligations.** Lender consents to the purchase by USDA and agrees to furnish on request by USDA a current statement certified by an appropriate authorized officer of the Lender of the unpaid principal and interest then owed by Borrower on the loan and the amount then owed to any Holder. Lender agrees that any purchase by USDA does not change, alter or modify any of the Lender's obligations to USDA arising from said loan or guarantee nor does it waive any of USDA's right against Lender, and that USDA shall have the right to set-off against Lender all rights inuring to USDA as the Holder of this instrument against USDA obligation to Lender under the Loan Note Guarantee.

**10. Repurchase by Lender for Servicing.** If, in the opinion of the Lender, repurchase of the assigned portion of the loan is necessary to adequately service the loan, the Holder will sell the assigned portion of the loan to the Lender for an amount equal to the unpaid principal and interest on such portion less Lender's servicing fee. The loan note guarantee will not cover the note interest to the Holder on the guaranteed loans accruing after 90 days from the date of the demand letter of the lender or USDA to the Holder requesting the Holder to tender their guaranteed portion.

- a. The Lender will not repurchase from the Holder for arbitrage purpose or other purposes to further its own financial gain.
- b. Any repurchase will only be made after the Lender obtains USDA written approval.
- c. If the Lender does not repurchase the portion from the Holder, USDA at its option may purchase such guaranteed portions for servicing purposes.

**11. Foreclosure.** The Lender is responsible for determining who the necessary parties are to any foreclosure action or who should be named on a deed of conveyance taken in lieu of foreclosure. When the conveyance is received and the property is liquidated, the net proceeds will be applied to the guaranteed loan debt. If USDA has repurchased the guaranteed portion of the loan from the Holder, the Lender must obtain USDA's concurrence to any foreclosure action to be taken by the Lender; however, USDA will not be considered to be a necessary party to the action or otherwise required to join in.

**12. Reassignment.** Holder upon written notice to Lender and USDA may reassign the unpaid guaranteed portion of the loan sold hereunder. Upon such notification, the assignee will succeed to all rights and obligations of the Holder hereunder.

**13. Notices.** All notices and actions will be initiated through the USDA County Name/Office  
for City, State (state) with mailing address  
at the date of this assignment: complete street address including City, State, and Zip Code.

Dated this \_\_\_\_\_ day \_\_\_\_\_, 20 \_\_\_\_ .

LENDER: Ajax Bank

"Lender's Street Address"

ADDRESS:

ATTEST:

By \_\_\_\_\_

\_\_\_\_\_  
Name and Title

Title \_\_\_\_\_

HOLDER: Coastal Securities  
5555 San Felipe, Suite 2200  
ADDRESS: Houston, TX 77056

ATTEST:

By \_\_\_\_\_

\_\_\_\_\_  
Name and Title

Title \_\_\_\_\_

UNITED STATES OF AMERICA  
Department of Agriculture

ADDRESS: USDA Agency Street Address

By \_\_\_\_\_

\_\_\_\_\_

Title \_\_\_\_\_