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"NOTE" means the \$2,000,000 First Mortgage Industrial Revenue Note, Series 1978 (American Hardware Supply Company - Lessee) of the County, secured by the Mortgage, and the proceeds of which will be used to finance a portion of the cost of the acquisition, construction and equipping of the Project. The Note shall be substantially in the form of the attached Exhibit "C".

"NOTE ORDINANCE" means the Ordinance adopted by the County Board providing for the terms and provisions of the Note, and any ordinance supplemental thereof and any amendment thereto.

"PENALTY RATE" shall mean interest at the rate 1/2% per annum above the Minimum Commercial Lending Rate, as defined in the Note Ordinance.

"PERMITTED ENCUMBRANCES" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Mortgage, (iii) utility, access and other easements and rights of way, flood rights, encroachments and leases that a Licensed Engineer and the Authorized Lessee Representative certify will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified) (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not, in the opinion of an Independent Counsel acceptable to the Mortgagee and to the

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