

terms, conditions, or provisions of any corporate restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) Relying upon the agreement of the County to assist in financing the cost of constructing and equipping the Project as aforesaid, the Lessee has commenced construction of the Project.

(d) The Lessee intends to operate the Project, from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein, as an establishment for the purpose of receiving, storing, and distributing, at wholesale, plumbing, heating and industrial supplies, and for such other uses as the Lessee may deem appropriate.

(e) The intention of the County to acquire the Project through the issuance of the Note and the leasing of the Project to the Lessee has assisted the Lessee in establishing this Project in the County.

(f) This Lease, under which the County leases and thereafter conveys the Project to the Lessee, is the method employed by the Lessee in financing the construction of the Project and in effecting the payment of the Note and constitutes a legal and valid obligation of the Lessee enforceable according to its terms.

(g) In order to provide a further inducement to the purchase of the Note, FERGUSON ENTERPRISES, INC. has entered into the Guaranty Agreement with the Mortgagee.

(h) All proceeds derived from the sale of the Note will be used to acquire property of a character subject to the allowance for depreciation as prescribed by Section 103(b)(6)(A) of the Code, and no part of the

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