

TAX AGREEMENT REGARDING REVENUE RULING

THIS TAX AGREEMENT REGARDING REVENUE RULING ("Agreement") is made and dated July 23, 2009, by and between North Idaho College Foundation, an Idaho nonprofit corporation, Coeur d'Alene, Idaho (the "Foundation") and North Idaho College, an Idaho community college district (the "College") in conjunction with the issuance by the Foundation of its North Idaho College Foundation Mill Site Project Promissory Note, 2009 in the aggregate original principal sum of \$6,000,000 (the "Note") to be sold to Mountain West Bank (the "Bank") to finance acquisition of the Mill Site Project in Coeur d'Alene, Idaho (the "Project") to be owned by the Foundation and leased to the College pursuant to that certain Lease Agreement dated July 23, 2009, between the Foundation as Lessor and the College as Lessee (the "Lease Agreement").

WITNESSETH:

WHEREAS, the Foundation is issuing the Note in reliance upon Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury (the "Rule"); and

WHEREAS, to preserve the tax exemption status of the Note pursuant to the Rule, in addition to the terms and provisions under the Lease Agreement, the Foundation and College desire to make certain representations, agreements and covenants; and

WHEREAS, upon closing of the Note and in connection with acquisition of the Project the College is making a prepaid rent payment for 2009 in the amount of \$4,000,000 and the parties have agreed that in the event the Bank forecloses on the Project, the College is entitled all equity in the Project after satisfaction of the Note.

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, the parties represent, agree and covenant as follows:

1. The Foundation represents that its activities and purposes are those permitted under the general nonprofit corporation law of Idaho, the Project is located within the boundaries of the College District, and the articles of incorporation of the Foundation provide that it is a corporation that is not organized for profit and that corporate income will not inure to the benefit of any private person. The Foundation further represents that its corporate income does not, in fact inure to the benefit of any private person, and covenants that it will not amend its articles of incorporation in a manner which would conflict with this representation.

2. Pursuant to the Lease Agreement, the College has exclusive beneficial possession and use of the Project. Pursuant to the Rule, the parties agree that the College has the right at any time to obtain unencumbered fee title and exclusive possession of the Project by placing in escrow an amount that will be sufficient to defease the Note and to pay reasonable costs incident to the defeasance. The College acknowledges that at any time before it defeases the Note, it may not agree or otherwise be obligated to convey any interest in the Project to any person (including the United States of America or its agencies or instrumentalities) for any period extending beyond or beginning after the College defeases the Note. Additionally, the College agrees not to convey a fee interest in the Project to any person who was a user of the Project, or a related person under section 103(b)(6)(C) of the Internal Revenue Code, before the defeasance or within 90 days after the College defeases the Note. If the College obtains fee title of the Project, the Foundation must immediately cancel all encumbrances on the Project, including leases and management contracts.

3. In the event the Foundation defaults in its payments under the Note, the College has an exclusive option to purchase the property financed by the Note and additions thereto, if any, for the amount of the outstanding indebtedness and accrued interest to the date of default. The College shall have (a) not less than 90 days from the date it is notified by the Foundation of the default in which to exercise the option, and (b) not less than 90 days from the date it exercises the option to purchase the Project.

4. The parties agree that the Note is issued for the benefit of the College and for no other governmental unit and that unencumbered fee title to the Project will vest solely in the College when the Note is discharged. To this end, the Foundation agrees that all leases, management contracts, and other similar encumbrances shall be terminated upon discharge of the Note.

5. The Foundation covenants that all of the original proceeds and investment proceeds of the Note will be used to acquire the Project which consists of tangible real and/or tangible personal property as required by the Rule.

6. The Foundation represents and agrees that any other obligations issued by the Foundation either to make improvements to the Project or to refund the Note or any other obligation of the Foundation related to the Project will be discharged no later than the latest maturity date of the Note, whether or not the Note is called prior to its maturity. The maturity date of the Note or any other obligations issued by the Foundation with respect to the Project may not be extended beyond the latest maturity date of the Note, regardless of an early call.

7. Any proceeds of fire or other casualty insurance policies received in connection with damage to or destruction of the Project, including any additions to the Project, will, subject to the claims of the holders of the Note, (a) be used to reconstruct the Project, regardless of whether the insurance proceeds are sufficient to pay for the reconstruction, or (b) be remitted to the College.

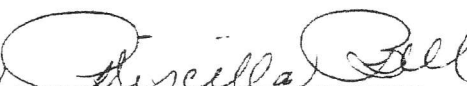
8. In the event the Bank forecloses on the Project pursuant to the Deed of Trust granted by the Foundation on behalf of the Bank dated July 23, 2009 entered into in connection with the Note, any proceeds from the sale of the Project in excess of the amounts due under the Note shall be payable to the College. The Lease Agreement is subordinate to a Deed of Trust encumbering

the real property comprising the Project, described in Exhibit A incorporated herein, and executed by Foundation to secure payment of the Note issued to the Bank.

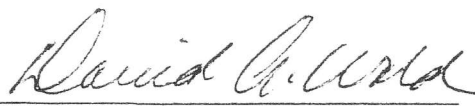
9. This Agreement shall survive discharge of the Note and/or termination of the Lease Agreement.

This Agreement is dated as of the date and year first above written.

NORTH IDAHO COLLEGE

By 
Priscilla Bell, President

NORTH IDAHO COLLEGE FOUNDATION,
An Idaho nonprofit corporation

By 
David A. Wold, President