
MANUFACTURERS AND TRADERS TRUST COMPANY

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

DEPARTMENT OF NATURAL RESOURCES

and

COUNTY COMMISSIONERS OF ALLEGANY COUNTY

SUBORDINATION AGREEMENT

\$45,242,100.28

**MARYLAND ECONOMIC DEVELOPMENT CORPORATION
REFUNDING REVENUE BONDS
(ROCKY GAP GOLF COURSE AND HOTEL/MEETING CENTER PROJECT)
SERIES 2008 A, B, C AND D**

Dated as of December 1, 2008

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is made this 1st day of December, 2008, by and among Manufacturers and Traders Trust Company, as Trustee under the Indenture described below (the “Trustee”), Maryland Economic Development Corporation (the “Issuer”), the Department of Business and Economic Development, a principal department of the State of Maryland (“DBED”), the Department of Natural Resources, a principal department of the State of Maryland (“DNR”) and County Commissioners of Allegany County, a political subdivision of the State of Maryland (the “County”). Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings respectively ascribed to them in the Second Amended and Restated Trust Indenture dated as of December 1, 2008 (the “Indenture”), by and between the Trustee and the Issuer.

RECITALS

A. Pursuant to the Indenture, the Issuer issued its (i) First Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 A in the original maximum aggregate principal amount of \$8,000,000 (the “Series 2008 A Bonds”), (ii) Second Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project), Series 2008 B in the original maximum aggregate principal amount of \$17,000,000 (the “Series 2008 B Bonds”), (iii) Taxable Third Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 C in the initial aggregate principal amount of \$17,772,100.28 (the “Series 2008 C Bonds”) and (iv) Taxable Fourth Lien Refunding Revenue Bonds (Rocky Gap Golf Course and Hotel/Meeting Center Project) Series 2008 D in the original aggregate principal amount of \$3,470,000 (the “Series 2008 D Bonds” and together with the Series 2008 A Bonds, the Series 2008 B Bonds and the Series 2008 C Bonds, the “Series 2008 Bonds”). The original aggregate principal amounts of the Series 2008 A Bonds and the Series 2008 B Bonds shall not exceed \$24,000,000 and shall be determined by a written order from the Issuer to the Trustee. If any interest on the Series 2008 B Bonds is not paid when due, an amount equal to such accrued but unpaid interest shall be added to the outstanding principal balance of the Series 2008 C Bonds and such interest shall no longer be due and payable on the Series 2008 B Bonds.

B. In order to secure the payment of all sums due under the Bonds, the Indenture and the other Senior Security Documents and the performance of all of the Issuer’s agreements contained therein, the Issuer granted to the Trustee a First Lien Leasehold Deed of Trust to secure the Series 2008 A Bonds (the “Series A Deed of Trust”), a Second Lien Deed of Trust to secure the Series 2008 B Bonds (the “Series B Deed of Trust”), a Third Lien Deed of Trust to secure the Series 2008 C Bonds (the “Series C Deed of Trust”) and a Fourth Lien Deed of Trust to secure the Series 2008 D Bonds (the “Series D Deed of Trust”), each dated as of December 1, 2008, which Deeds of Trust grant priority and subordinate mortgage liens on, among other things, the Issuer’s interest in the Project and related improvements and personal property of the Issuer related to the Project (collectively, the “Deeds of Trust”).

C. DBED or its nominee is the owner of Series 2008 A Bonds in the maximum principal amount of \$3,500,000 and the Series 2008 D Bonds (the “Subordinated DBED Bond Debt”), which Series 2008 D Bonds have been issued to refund the Series 1996 B Bonds (as defined in the Indenture). Accrued and unpaid interest on the Series 1996 B Bonds to the date

hereof equals \$1,989,466.67 (the "Accrued Series 1996 B Interest") and shall be paid in accordance with the Cash Flow Sharing Agreement of even date herewith by and among the Issuer, DNR, DBED, the County and the Trustee (the "Cash Flow Sharing Agreement").

D. The Issuer is the owner of Series 2008 A Bonds in the maximum principal amount of \$3,500,000 (the "Subordinated Issuer Bond Debt" and together with the Subordinated DBED Bond Debt, the "Subordinated Bond Debt").

E. The Issuer incurred the following indebtedness in connection with the Project (collectively, the "Subordinated Conventional Debt"):

1. \$3,000,000 loan from DBED through the Maryland Economic Development Assistance Authority and Fund ("MEDAAF") (formerly known as the Industrial and Commercial Redevelopment Fund) evidenced by a Promissory Note dated May 9, 1996 from the Issuer to DBED the accrued and unpaid interest on which equals \$930,000 to the date hereof; and
2. \$1,500,000 non-interest bearing loan from DBED through MEDAAF evidenced by a Promissory Note dated November 1, 2001 from the Issuer to DBED.

F. The Issuer incurred the following additional indebtedness in connection with the Project (collectively, the "2003 Notes"):

1. \$3,435,000 loan from DBED through MEDAAF evidenced by a Promissory Note dated April 3, 2003 from the Issuer to DBED; and
2. \$565,000 loan from DBED through MEDAAF evidenced by a Promissory Note dated April 3, 2003 from the Issuer to DBED.

G. DBED has exchanged the 2003 Notes for Series 2008 B Bonds in the principal amount of \$4,000,000 and the 2003 Notes have been cancelled. The accrued and unpaid interest on the Series 2003 Notes to the date hereof equals \$195,972.46 (the "Accrued 2003 MEDAAF Interest") and shall be paid in accordance with the Cash Flow Sharing Agreement.

H. Under the Ground Lease pursuant to which the Issuer leases the Land on which it has constructed the Project, the Issuer currently owes to DNR \$4,716,666.67 in accrued and unpaid Annual Rent (as defined in the Ground Lease) (the "Accrued Annual Rent") and is obligated to pay DNR Annual Rent as a continuing obligation under certain circumstances (the "Accruing Annual Rent"). In addition, accrued and unpaid Surcharge Revenues (as defined in the Ground Lease) for the period beginning on April 1, 2002 and ending on December 31, 2005 equal \$482,296.12 (the "Accrued Surcharge Revenues"). The obligations described in this paragraph I are herein collectively referred to as the "Ground Lease Obligations." The Accrued Annual Rent, the Accruing Annual Rent and the Accrued Surcharge Revenues shall be paid in accordance with the Cash Flow Sharing Agreement.

I. Under a Host Community Agreement dated as of April 1, 1996 among the County, DNR and the Issuer (the "Host Community Agreement"), the Issuer currently owes \$306,773.59 to the County (the "Host Community Obligations"), which shall be paid in accordance with the Cash Flow Sharing Agreement. The Host Community Agreement will be terminated upon the issuance of the Series 2008 Bonds.

J. Under the Interagency Agreement dated May 9, 1996 between the Issuer and DNR (the "Interagency Agreement"), the Issuer is currently owed MEDCO Service Fees (as defined in the Interagency Agreement) in the aggregate amount of \$2,358,333.33. The Interagency Agreement will be terminated upon the issuance of the Series 2008 Bonds, but the MEDCO Service Fees shall be a continuing obligation under the Cash Flow Sharing Agreement.

K. In an effort to support the Project, the Issuer has loaned to the Project the amount of \$608,145.32 since its opening (the "MEDCO Project Loans").

L. All of the obligations of the Issuer with respect to the MEDCO Project Loans, the Subordinated Bond Debt, the Subordinated Conventional Debt, the Accrued Series 1996 B Interest, the Accrued 2003 MEDAAF Interest, the Ground Lease Obligations, the Host Community Obligations and the MEDCO Service Fees, and under any and all other documents giving rise to, securing or relating thereto including, without limitation, the Series D Deed of Trust (such documents collectively, the "Subordinated Obligation Documents"), whether direct, by way of assignment, absolute or contingent, now existing or hereafter arising are referred to collectively as the "Subordinated Debt." A true, correct and complete list of the Subordinated Obligation Documents is attached hereto as Exhibit A.

M. In connection with the issuance of the Series 2008 Bonds, DBED, DNR, the County and the Issuer will subordinate the Subordinated Debt to the Senior Debt and, in connection therewith, enter into this Agreement for the benefit of the Trustee and the Holders of the Senior Debt (as herein defined) from time to time.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged; the parties hereto agree as follows:

Section 1. Definitions. (a) As used herein, the following terms shall have the following meanings:

"Priority Bonds" has the meaning given to that term in the definition of the term "Senior Debt."

"Reorganization" means (i) any insolvency or bankruptcy proceeding, or any receivership, liquidation, reorganization or other similar proceeding in connection therewith, relative to the Issuer or its property, or (ii) any proceedings for voluntary liquidation, dissolution or other winding-up of the Issuer and whether or not involving insolvency or bankruptcy, or (iii) any assignment or receivership for the benefit of creditors, or (iv) any distribution, division, marshalling or application of any of the properties or assets (including, without limitation,

properties or assets securing the Subordinated Debt) of the Issuer or the proceeds thereof, to creditors, voluntary or involuntary, and whether or not involving legal proceedings.

“Senior Debt” means all payment and other obligations of the Issuer to the Trustee and the Bondholders with respect to the Series 2008 B Bonds and the Series 2008 C Bonds or to the trustee for the holders of, and the holders of, any indebtedness issued to refinance such Bonds (collectively, the “Priority Bonds”), whether direct or indirect, by way of assignment, monetary or non-monetary, absolute or contingent, now existing or hereafter arising, including, without limitation, the principal of and interest and premium if any on Priority Bonds and all payments and other obligations arising thereunder or in connection therewith, payments due under the Indenture and all other obligations of the Issuer to the Trustee and the Bondholders, together with interest and premium thereon and all fees, expenses and other amounts owing to the Trustee and the Bondholders with respect to the Priority Bonds under the Senior Security Documents, now owing or hereafter incurred, in each case regardless of the extent to which such amounts are allowed as claims against the Issuer in any Reorganization (and including any interest thereon accruing after the commencement of any Reorganization and any other interest that would have accrued thereon but for the commencement of such Reorganization).

“Senior Security Documents” means the Series 2008 B Bonds, the Series 2008 C Bonds, the Indenture, the Series B Deed of Trust, the Series C Deed of Trust and any other document delivered at the time of the issuance of the Series 2008 Bonds or thereafter with respect to or which secures or evidences the Issuer’s payment obligations under the Series 2008 B Bonds and the Series 2008 C Bonds.

“Subordinated Creditors” means DBED, DNR, the County and the Issuer.

Section 2. Subordination. (a) The payment of any and all Subordinated Debt is hereby subordinated to and subject in the right of payment and exercise of remedies to the prior payment in full of the Senior Debt, and the Subordinated Creditors’ rights under the Subordinated Obligation Documents are hereby subordinated to the rights of the holders of the Series 2008 B Bonds and the Series 2008 C Bonds (and the Trustee acting at their direction) under the Senior Security Documents, upon the conditions, and to the extent, hereinafter set forth. The Subordinated Creditors represent and warrant that the Subordinated Debt is not evidenced by any note, bond or other written agreement except the Subordinated Obligation Documents.

(b) The Trustee as beneficiary of the Series D Deed of Trust does hereby covenant and agree that the lien of the Series D Deed of Trust shall in all respects be subordinate to the liens of the Series A Deed of Trust, the Series B Deed of Trust and the Series C Deed of Trust.

Section 3. Payments on Subordinated Debt. (a) Until all of the Senior Debt shall have been paid in cash and performed in full, the Issuer shall not, directly or indirectly, make any payment (in cash, property, by setoff, or otherwise) on account of, or transfer or create any lien in any collateral to secure, any part of the Subordinated Debt, and there shall not be any demand or acceptance from any Person of any such payment or additional collateral and neither the

Issuer nor the Subordinated Creditors shall otherwise take or permit to be taken any action in violation of the terms of this Agreement.

(b) Nonpayment of any amounts owing in respect of any Subordinated Debt under any Subordinated Obligation Document by reason of the operation of this Agreement shall not constitute a breach of or default with respect thereto on the part of the Issuer.

(c) In the event that, notwithstanding the provisions of this Agreement, any payment or collateral for any part of the Subordinated Debt of any kind or character, whether in cash, property, or securities be received by any of the Subordinated Creditors in violation of the terms of this Agreement, such payment or collateral shall be delivered forthwith to the Trustee for application to the payment of the Senior Debt to the extent necessary to pay or defease all Senior Debt in full or otherwise held pursuant to this Agreement. The Trustee is irrevocably authorized and appointed attorney-in-fact for the Subordinated Creditors to supply any required endorsement or assignment. Until so delivered, any such payment or collateral shall be held by the Subordinated Creditors in trust for the Trustee.

Section 4. Subordinated Obligation Documents.

(a) The Subordinated Obligation Documents, shall be at all times junior, subject and subordinate in all respects to the Senior Security Documents, and to all amendments, modifications, renewals, extensions, substitutions and refinancings (including refundings) of the Senior Security Documents. Amendments, modifications, renewals, extensions, substitutions and refinancings (including refundings) of the Senior Security Documents may not be entered into without the prior written consent of DBED.

(b) The Subordinated Obligation Documents may not be amended or modified, without the prior written consent of the Required Holders (as defined in the Indenture). The Subordinated Creditors shall not accept any collateral or other security from any party whether directly or indirectly as security for the Subordinated Debt without the prior written consent of the Required Holders.

(c) Unless the Senior Security Documents have previously been discharged, and all obligations secured thereby have previously been paid in full, the Subordinated Creditors shall not, without the prior written consent of the Trustee, (i) directly or indirectly institute any suit or other action to collect or enforce the Subordinated Debt (including the commencement or joining of any case, proceeding or other action relating to the bankruptcy, insolvency or Reorganization of the Issuer (except and only to the extent as may be necessary to protect its rights and in accordance with Section 6), or (ii) directly or indirectly commence or exercise any other right or remedy against the Issuer under any of the Subordinated Obligation Documents or under applicable law; and all actions by the Subordinated Creditors under the Subordinated Obligation Documents shall be subject and subordinate to the prior and senior rights of the Trustee as provided for in the Senior Security Documents and herein.

Section 5. Limitation on Remedies of Subordinated Debt Holder. Unless and until all Senior Debt has been paid in full as provided herein, the Subordinated Creditors shall not, without the prior written consent of the Required Holders (a) accelerate the maturity of all or any

part of the Subordinated Debt or (b) collect or attempt to collect all or any part of the Subordinated Debt whether through commencement of proceedings against the Issuer, or join with any creditor in any such proceeding or any Reorganization proceeding except and only to the extent as may be necessary to protect its rights and in accordance with Section 6, or (c) take any other action to realize upon the Subordinated Obligation Documents.

The Subordinated Creditors acknowledge that interest on the Series 2008 B Bonds is intended not to be includable in gross income for federal income tax purposes and that under the Internal Revenue Code of 1986, as amended (the "Code") there are a number of requirements that must be met in order for such interest to be and to remain so excluded. The Subordinated Creditors further acknowledge that if interest were so included, the Series 2008 B Bondholders would suffer a material economic loss. Accordingly, the Subordinated Creditors hereby agree that, without the prior written consent of the Required Holders (or if no Bonds are outstanding but the Series 2008 B Bonds have been defeased, the Trustee), it shall take no action and shall not omit to take any action in connection with its realization upon the Subordinated Obligation Documents or other exercise of rights under any Subordinated Obligation Document if the effect of such action or omission would be to cause interest on the Series 2008 B Bonds to be included in gross income of any owner or former owner thereof. The provisions of this paragraph shall survive termination of this Agreement and payment in full of the Senior Debt.

Section 6. Reserved.

Section 7. Reserved.

Section 8. Subordinated Debt; Subordinated Obligation Documents. The Subordinated Creditors represent that no part of the Subordinated Debt has been previously assigned, subordinated or subjected to any security interest in favor of a party other than the Trustee. The Series 2008 A Bonds and the Series 2008 D Bonds shall bear the following legend:

"This Bond has been subordinated to certain Senior Debt pursuant to the provisions of a Subordination Agreement dated December 1, 2008, among the Maryland Economic Development Corporation, the Maryland Department of Natural Resources, Allegany County, Maryland, the Maryland Department of Business and Economic Development and Manufacturers and Traders Trust Company, as Trustee for the Senior Debt (the "Trustee"). Each holder by its acceptance of this instrument hereof agrees to be subject to the terms and conditions of such agreement to the same extent that the holder hereof is bound and, upon request of the Trustee, shall execute a Subordination Agreement on the same terms and conditions."

The Subordinated Creditors further agree that they will not transfer, assign or pledge any of their interests in the Subordinated Debt, including without limitation the Subordinated Obligation Documents to any other person without first having the transferee, assignee or pledgee become a party to this Agreement as a subordinated creditor; provided that such becoming a party to this Agreement by the transferee shall not be a condition to the effectiveness of the provisions of this Agreement as to such transferee. The Subordinated Obligation Documents shall not be amended without the prior written consent of the Required Holders.

Section 9. No Other Evidence of Debt. The Issuer shall not issue any further instrument or other written evidence with respect to the Subordinated Debt.

Section 10. Unconditional Subordination.

(a) No action which the Trustee may take or omit to take in connection with any of the Senior Security Documents, any of the Senior Debt, or any security therefor, and no course of dealing of the Trustee with the Issuer or any other person obligated on the Senior Debt (each, a "Senior Debt Obligor"), the Subordinated Creditors, or any other Person, shall release or diminish the Subordinated Creditors' obligations, liabilities, agreements or duties hereunder, affect this Agreement in any way, or afford the Subordinated Creditors any recourse against the Trustee, regardless of whether any such action or inaction may increase any risks to or liabilities of the Trustee, the Subordinated Creditors or any Senior Debt Obligor or increase any risk to or diminish any safeguard of any security.

(b) No change of law or circumstances shall release or diminish the Subordinated Creditors' obligations, liabilities, agreements, or duties hereunder, affect this Agreement in any way, or afford the Subordinated Creditors any recourse against the Trustee other than the rights under the Indenture of the holders of Series 2008 Bonds that are also Subordinated Creditors. Without limiting the foregoing, no obligations, liabilities, agreements, or duties of the Subordinated Creditors under this Agreement shall be released, diminished, impaired, reduced, or affected by the occurrence of any of the following from time to time, even if occurring without notice to or without the consent of the Subordinated Creditors:

(1) any Reorganization or any discharge, impairment, modification, release, or limitation of the liability of, or stay of actions or lien enforcement proceedings against, the Issuer, any properties of any Senior Debt Obligor, or the estate in bankruptcy of any Senior Debt Obligor in the course of or resulting from any such proceedings;

(2) the failure by the Trustee to file or enforce a claim in any proceeding described in the immediately preceding subsection (1) or to take any other action in any proceeding to which any Senior Debt Obligor is a party;

(3) the release by operation of law of any Senior Debt Obligor from any of the Senior Debt or any other obligations to the Trustee;

(4) the invalidity, deficiency, illegality, or unenforceability of any of the Senior Debt or the Senior Security Documents, in whole or in part, any bar by any statute of limitations or other law of recovery on any of the Senior Debt, or any defense or excuse for failure to perform on account of force majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever;

(5) the failure of any Senior Debt Obligor or any other Person to sign any instrument or agreement within the contemplation of any Senior Debt Obligor or the Trustee;

(6) the fact that the Subordinated Creditors may have incurred directly part of the Senior Debt or is otherwise primarily liable therefor; or

(7) without limiting any of the foregoing, any fact or event (whether or not similar to any of the foregoing) which in the absence of this provision would or might constitute or afford a legal or equitable discharge or release of or defense to a guarantor or surety other than the actual payment and performance by the Subordinated Creditors under this Agreement.

(c) The Trustee may invoke the benefits of this Agreement before pursuing any remedies against any Senior Debt Obligor or any other Person and before proceeding against any security now or hereafter existing for the payment or performance of any of the Senior Debt. The Trustee may maintain an action against the Subordinated Creditors on this Agreement without joining any other Senior Debt Obligor and without bringing separate action against any other Senior Debt Obligor.

(d) If any payment to the Trustee by any Senior Debt Obligor is held to constitute a preference or a voidable transfer under applicable state or federal laws, or if for any other reason the Trustee is required to refund such payment to the payor thereof or to pay the amount thereof to any other Person, such payment to the Trustee shall not constitute a release of the Subordinated Creditors from any liability hereunder, and the Subordinated Creditors agree and acknowledge that this Agreement shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments, all as though such amount had not been paid.

Section 11. Continuing Agreement. This is a continuing agreement and shall apply to and cover all Senior Debt and Senior Security Documents and all Subordinated Debt and Subordinated Obligation Documents and all amendments, modifications, renewals, extensions, substitutions and refinancings (including refundings) thereof from time to time.

Section 12. Specific Enforcement. The Trustee is hereby authorized to demand specific performance of this Agreement, whether or not the Issuer shall have complied with the provisions hereof applicable to it, at any time when the Subordinated Creditors shall have failed to comply with any provision hereof. The Subordinated Creditors hereby irrevocably waive any defenses based on the adequacy of a remedy at law that might be asserted as a bar to the action of the Trustee.

Section 13. Reserved.

Section 14. Further Assurances. The Issuer, DBED, DNR and the County shall execute and deliver to the Trustee such further instruments and shall take such further action as the Trustee may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement.

Section 15. No Obligations on Subordinated Debt. The rights granted to the Trustee hereunder are solely for its protection and nothing herein contained shall impose on the Trustee any duties with respect to the Subordinated Obligation Documents or any property of the Issuer in the Trustee's custody, except such duties as are imposed by law and cannot be waived by agreement or any duties of the Trustee under the Indenture.

Section 16. Notices. All communications provided for hereunder shall be in writing and shall be personally delivered or sent by certified mail, postage prepaid, return receipt

requested, or by a reputable courier delivery service (with charges prepaid) or by telecopy and shall be given,

If to the Trustee, to:

Manufacturers and Traders Trust Company
Mailcode 101-591
25 South Charles Street
Baltimore, MD 21201
Attn: Patrick J. Wood
Fax No. 410-244-3725

with a copy to:

Richard H. Moche, Esquire
Mintz, Levin, Cohn, Ferris, Glovsky
and Popeo P.C.
One Financial Center
Boston, Massachusetts 02111

If to the Subordinated Creditors, to:

Department of Business and Economic Development
217 East Redwood Street, 22nd floor
Baltimore, MD 21202
Attn: Loan Administration
Fax No. 410-333-6931

Office of the Secretary
Department of Natural Resources
Tawes State Office Building, Suite C-4
Annapolis, Maryland 21401
Fax No. 410-260-8103

with a copy to:

Attorney General's Office
Department of Natural Resources
Tawes State Office Building, Suite C-4
Annapolis, Maryland 21401
Fax No. 410-260-8364

County Commissioners of Allegany County
701 Kelly Road
Cumberland, Maryland 21502
Attn: Director of Finance
Fax No. 301-777-2072

If to the Issuer, to:

Maryland Economic Development Corp.
100 N. Charles Street, Suite 630
Baltimore, MD 21201
Attn: Executive Director
Fax No. 410-625-1848

with a copy to:

John R. Devine, Esquire
Miles & Stockbridge P.C.
10 Light Street, 14th Floor
Baltimore, Maryland 21202

or such other address or telecopy number as such party may hereafter specify by notice to the Trustee, DBED, DNR, the County and the Issuer. Each such notice, request or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified in this Section and the appropriate confirmation is received, (ii) if given by certified mail, 72 hours after such communication is deposited with the post office, addressed as aforesaid, or (iii) if given by any other means (including, without limitation, by courier), when delivered at the address specified in accordance with this Section.

Section 17. Representations. Each of the Issuer, DBED, DNR and the County represents and warrants to the Trustee as to itself that:

(a) This Agreement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms of this Agreement.

(b) It has full power, authority and legal rights to execute, deliver and perform this Agreement, and the execution, delivery and performance of this Agreement have been duly authorized by all necessary action on its part, do not require any approval or consent of any trustees or holders of any of its indebtedness or obligations, and will not violate any provision of any indenture, mortgage, contract, or other agreement to which it is bound.

(c) No consent, license, approval or authorization of, or registration or declaration with, any governmental instrumentality, domestic or foreign, is required in connection with its execution, delivery and performance of this Agreement.

Section 18. Governing Law; Headings. This Agreement is intended to take effect as a sealed instrument and shall be governed by and construed in accordance with the laws of the State of Maryland applicable to contracts made and to be performed entirely within such State without resort to its conflict of laws rules. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

Section 19. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 20. Payment of Expenses. The Issuer shall reimburse the Trustee and any Holder of Series 2008 B Bonds and Series 2008 C Bonds upon demand for all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) paid or incurred by the Trustee or any such Holder in connection with any enforcement of this Agreement in favor of the Trustee.

Section 21. Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the Trustee, each holder from time to time of any Series 2008 B Bond or Series 2008 C Bond, the Issuer, DBED, DNR and the County and their respective executors, administrators, other legal representatives, successors and assigns.

Section 22. Third-Party Beneficiary. The parties hereto acknowledge and agree that the Holders of the Series 2008 B Bonds and the Series 2008 C Bonds are intended to be third-party beneficiaries of all the Trustee's rights, remedies and interests under this Agreement and shall be entitled, acting pursuant to Section 9.07 of the Indenture to exercise all rights and privileges of a third-party beneficiary in such capacity.

Section 23. Amendment. Any amendment or modification of any provision of this Agreement or consent to any departure by the Issuer, DBED, DNR or the County herefrom shall in no event be effective unless the same shall be in writing signed by the Trustee and each other party hereto.

Section 24. Action by Trustee. In acting hereunder, the Trustee shall act at the direction of the Required Holders.

Section 25. Requirement of Notice. The Subordinated Creditors agree to notify the Trustee upon the occurrence of any default or event of default in respect of the Subordinated Debt or under any Subordinated Obligation Document or any event, which, upon notice or lapse of time or both, would constitute such a default.

Section 26. Payment in Full. For all purposes hereof, the Senior Debt shall not be deemed to have been paid in full unless the Trustee (or its duly authorized representative) shall have received cash equal to the amount of Senior Debt at the time outstanding and all accrued interest thereon or the payment of such Senior Debt shall have been provided for in full in accordance with the defeasance provisions of Article XI of the Indenture.

Section 27. Subordination Agreement Shall Govern. In the event of any conflict between the provisions of this Agreement and the provisions of any of the Senior Security Documents, or any of the Subordinated Obligation Documents, the provisions of this Agreement shall control.

Section 28. Reinstatement of Liability. The liability of the Subordinated Creditors hereunder shall be reinstated and revived, and the rights of the Trustee shall continue, with respect to any amount at any time paid on account of the Senior Debt which shall thereafter be

required to be restored or returned by the Trustee in any Reorganization, all as though such amount had not been paid. The Trustee will have relied and will continue to rely upon the subordination provided for herein, and the Subordinated Creditors hereby waive notice and proof of such reliance.

Section 29. Rights of Subrogation, etc. The Subordinated Creditors shall not exercise any right of subrogation that they may have with respect to the Senior Debt until the Senior Debt has been paid in full as herein provided.

Section 30. Rights of Holders of Priority Bonds. Notwithstanding anything to the contrary herein contained, the holders of the Priority Bonds shall have the right to amend and supplement the Indenture to the extent permitted and in accordance with the terms hereof and thereof even though the Indenture may also constitute a Subordinated Obligation Document.


Section 31. Limited Liability of the Issuer. No provision of this Agreement shall be construed so as to give rise to any pecuniary or monetary liability on the part of the Issuer or give rise to a charge upon the faith and credit of the Issuer. Notwithstanding anything herein contained to the contrary, any claim based on or in respect of any liability of the Issuer for (i) the payment of any obligations described herein (the "Obligations"), or (ii) the performance or payment of any other covenant, agreement, obligation, term or condition contained in this Agreement shall be enforced only against the Trust Estate (as defined in the Indenture), and not against any other assets, properties or funds of (a) the Issuer or any director, officer, or employee of the Issuer, or (b) any other person, corporation or other entity affiliated with any of the foregoing. This provision shall survive the termination or expiration of this Agreement. The Obligations are nonrecourse to the Issuer payable solely from the Trust Estate, and the lien of any judgment shall be restricted thereto. The Issuer shall have no other liability, legal, moral or otherwise to any party. In no event shall the Issuer be required to pay any amount or claim hereunder from its own funds. The limitation on liability of the Issuer as described in this Section shall be deemed incorporated into every provision of this Agreement. The Issuer shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate any damages of any party hereto.

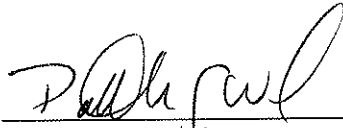
[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

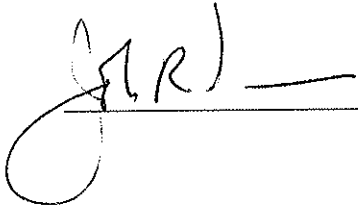
WITNESS:

MANUFACTURERS AND TRADERS TRUST COMPANY



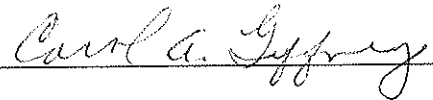
By: 
_____ Patrick J. Wood
Vice President

MARYLAND ECONOMIC DEVELOPMENT CORPORATION



By: 
_____ Robert C. Brennan
Executive Director

COMMISSIONERS OF ALLEGANY COUNTY



By: 
_____ James J. Stakem
President of the Board of County Commissioners

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

By: _____
David W. Edgerley
Secretary

DEPARTMENT OF NATURAL RESOURCES

By: _____
John R. Griffin
Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

WITNESS:

**MANUFACTURERS AND TRADERS TRUST
COMPANY**

By: _____
Patrick J. Wood
Vice President

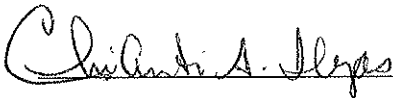
**MARYLAND ECONOMIC DEVELOPMENT
CORPORATION**

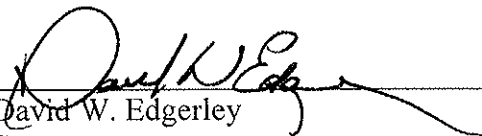
By: _____
Robert C. Brennan
Executive Director

COMMISSIONERS OF ALLEGANY COUNTY

By: _____
James J. Stakem
President of the Board of County Commissioners

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

 _____

By:  _____
David W. Edgerley
Secretary

DEPARTMENT OF NATURAL RESOURCES

By: _____
John R. Griffin
Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

WITNESS:

**MANUFACTURERS AND TRADERS TRUST
COMPANY**

By: _____
Patrick J. Wood
Vice President

**MARYLAND ECONOMIC DEVELOPMENT
CORPORATION**

By: _____
Robert C. Brennan
Executive Director

COMMISSIONERS OF ALLEGANY COUNTY

By: _____
James J. Stakem
President of the Board of County Commissioners

**DEPARTMENT OF BUSINESS AND
ECONOMIC DEVELOPMENT**

By: _____
David W. Edgerley
Secretary

DEPARTMENT OF NATURAL RESOURCES

Eileen Mosley

By: _____
John R. Griffin
Secretary

CONSENT AND DIRECTION OF BONDOWNERS

Dated: December 1, 2008

Each of the Bondholders certifies that it is the beneficial owner of Bonds in the aggregate principal amount set forth under its name and consents to and directs the Trustee to sign the foregoing Subordination Agreement.

CALVERT TAX-FREE RESERVES LONG-TERM PORTFOLIO

(\$245,000 – Series 2008 B)
(\$337,865.40 – Series 2008 C)

By: *Daniel K. Hayes*
Daniel K. Hayes
Vice President

~~**DAVIDSON KEMPNER CAPITAL MANAGEMENT LLC**~~

~~(\$10,530,000 – Series 2008 B)
(\$14,393,375.21 – Series 2008 C)~~

~~By: _____
Name: _____
Title: _____~~

CALVERT SOCIAL INVESTMENT FUND BALANCED PORTFOLIO

(\$1,855,000 – Series 2008 B)
(\$2,534,052.69 – Series 2008 C)

By: *Daniel K. Hayes*
Daniel K. Hayes
Vice President

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

(\$ _____ – Series 2008 A)

By: _____
Robert C. Brennan
Executive Director

CVS CALVERT SOCIAL BALANCED PORTFOLIO

(\$370,000 – Series 2008 B)
(\$506,806.98 – Series 2008 C)

By: *Daniel K. Hayes*
Daniel K. Hayes
Vice President

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

(\$ _____ – Series 2008 A)
(\$4,000,000 – Series 2008 B)

By: _____
David W. Edgerley
Secretary

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY

(\$3,470,000 – Series 2008 D)

By: _____
D. Gregory Cole
Executive Director

Exhibit A

List of Subordinated Obligation Documents

1. Promissory Note dated May 9, 1996 in amount of \$3,000,000 made by the Issuer to DBED and Loan Agreement dated May 9, 1996 by and between the Issuer and DBED
2. Promissory Note dated November 1, 2001 in amount of \$1,500,000 made by the Issuer to DBED and Loan Agreement dated November 1, 2001 by and between the Issuer and DBED
3. Series 2008 A Bonds and the Indenture
4. Series 2008 D Bonds, the Indenture and the Series D Deed of Trust
5. Ground Lease (but only with respect to Accrued Surcharge Revenues, Accrued Annual Rent and Accruing Annual Rent)
6. Cash Flow Sharing Agreement

CONSENT AND DIRECTION OF BONDOWNERS

Dated: December 1, 2008

Each of the Bondholders certifies that it is the beneficial owner of Bonds in the aggregate principal amount set forth under its name and consents to and directs the Trustee to sign the foregoing Subordination Agreement.

CALVERT TAX-FREE RESERVES LONG-TERM PORTFOLIO

(\$ _____ – Series 2008 B)
(\$ _____ – Series 2008 C)

By: _____
Daniel K. Hayes
Vice President

~~**DAVIDSON KEMPNER CAPITAL MANAGEMENT LLC**~~

~~(\$ _____ – Series 2008 B)
(\$ _____ – Series 2008 C)~~

~~By: _____
Name: _____
Title: _____~~

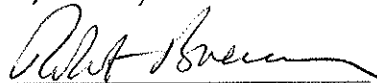
CALVERT SOCIAL INVESTMENT FUND BALANCED PORTFOLIO

(\$ _____ – Series 2008 B)
(\$ _____ – Series 2008 C)

By: _____
Daniel K. Hayes
Vice President

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

(\$ 3,500,000 – Series 2008 A)

By: 
Robert C. Brennan
Executive Director

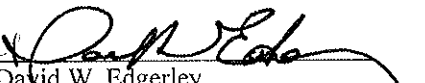
CVS CALVERT SOCIAL BALANCED PORTFOLIO

(\$ _____ – Series 2008 B)
(\$ _____ – Series 2008 C)

By: _____
Daniel K. Hayes
Vice President


DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

(\$ 3,500,000 – Series 2008 A)
(\$4,000,000 – Series 2008 B)

By: 
David W. Edgerley
Secretary

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY

(\$3,470,000 – Series-2008 D)

By: 
D. Gregory Cole
Executive Director

M.H. DAVIDSON & CO

By: Avi F
Name: Avram Friedman
Title: General Partner
(\$180,000 - Series 2008 B)
(\$244,000 - Series 2008 C)

DAVIDSON KEMPNER PARTNERS

By: MHD Management Co., its General Partner

By: Avi F
Name: Avram Friedman
Title: General Partner
(\$1,700,000 - Series 2008 B)
(\$2,317,000 - Series 2008 C)

DAVIDSON KEMPNER INSTITUTIONAL PARTNERS, LP

By: Davidson Kempner Advisers Inc., its General Partner

By: Av
Name: Avram Friedman
Title: Principal
(\$3,360,000 - Series 2008 B)
(\$4,592,000 - Series 2008 C)

DAVIDSON KEMPNER INTERNATIONAL, LIMITED

By: Davidson Kempner International Advisors, L.L.C. its
Investment Manager

By: Avi F
Name: Avram Friedman
Title: Managing Member
(\$5,290,000 - Series 2008 B)
(\$7,240,375.21 - Series 2008 C)