

TAX CREDIT PURCHASE AGREEMENT

This Tax Credit Purchase Agreement, dated as of _____, 2012 (this "Agreement"), is entered into by _____, Inc., a _____ corporation (the "Purchaser"), and the Department of Business and Economic Development, a principal department of the State of Maryland ("DBED").

RECITALS

A. The InvestMaryland Program (the "Program"), enacted as Title 6, Subtitle 5 of the Economic Development Article, Annotated Code of Maryland (the "Act"), provides for the sale of up to \$100,000,000 in insurance premium tax credits to qualifying insurance companies. Proceeds of the sale will be invested in qualifying Maryland companies as defined in the Act.

B. DBED is the administrator of the Program under the Act.

AGREEMENT

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

ARTICLE I DEFINITIONS

All terms previously defined are incorporated in this Agreement by reference. Capitalized terms used in this Agreement have the meanings defined below:

"Claim" means any action or other claim for liability, loss, expense, or other cost, including fees, costs and expenses of attorneys, consultants, contractors, and experts.

"Designated Capital" means the amount of money that a Purchaser invests under the program.

"Enterprise Fund" means the Enterprise Fund under Title 5, Subtitle 6 of the Economic Development Article, Annotated Code of Maryland.

"Governmental Authority" means the United States, the State, or any of their political subdivisions, agencies, or instrumentalities, including any local authority having jurisdiction over any aspect of the Program.

"Insurance Premium Tax Liability" means:

(1) any liability incurred by an insurance company under Title 6, Subtitle 1 of the Insurance Article, Annotated Code of Maryland as in effect as of October 1, 2011; or

(2) if the liability imposed under Title 6, Subtitle 1 of the Insurance Article is eliminated or reduced, any other tax liability that has been imposed by the State on the insurance company under any other State law as in effect as of October 1, 2011, not to exceed the amount of the liability eliminated or reduced.

"Law" means any current or future federal, state and local law, regulation, decision, interpretation, order, or decree of any court or other Governmental Authority having jurisdiction.

"Purchaser" means:

(1) an insurance company that:

(i) is authorized to do business in the State,

- (ii) has Insurance Premium Tax Liability, and
- (iii) contributes Designated Capital to purchase an allocation of Tax Credits under the Program, or
- (2) a holding company that:
 - (i) has at least one insurance company subsidiary authorized to do business in the State, and
 - (ii) is contributing Designated Capital on behalf of one or more of these subsidiaries.

“State” means the State of Maryland.

“Tax Credit” means a credit against Insurance Premium Tax Liability offered to a Purchaser under the Program.

ARTICLE II PURCHASE AND SALE OF TAX CREDITS

Section 2.01. Purchase and Sale. Pursuant to the Act, an auction of Tax Credits (the “Auction”) was held on March 15, 2012. The Purchaser submitted a bid of \$_____ in total Designated Capital as payment for total Tax Credits in the amount of \$_____. This bid was accepted by DBED.

Section 2.02. Payment in Installments. As provided under the Act, the Designated Capital will be payable into the Enterprise Fund in three equal annual installments due June 1, 2012, June 1, 2013, and June 1, 2014, subject to a five-day grace period ending on June 6 of each of the years specified.

Section 2.03. Tax Credit Certificates.

(a) Insurance Company Purchaser. A separate Tax Credit Certificate in the form attached as Exhibit A to this Agreement will be issued to the Purchaser at the time each installment of the Designated Capital is received by DBED. The amount of each Tax Credit Certificate issued pursuant to this Agreement will be \$_____.

(b) Holding Company Purchaser. If the Purchaser is a holding company, it may request that the Tax Credit Certificates be issued, at the time each installment of the Designated Capital is received by DBED, either in its name or in the name of its qualifying subsidiaries to which it intends to assign the Tax Credits. The aggregate amount of Tax Credit Certificates issued pursuant to this Agreement will be \$_____. The request for separate Tax Credit Certificates shall be made in writing to DBED no later than May 1, 2012. If no such request is received by DBED by that date, the Tax Credit Certificate will be issued in the name of the holding company.

(c) Incorporation by Reference. The terms and provisions contained in the Tax Credit Certificate are incorporated herein by reference, as if set forth herein in their entirety.

ARTICLE III REPRESENTATIONS, WARRANTIES, AND COVENANTS

Section 3.01. Representations and Warranties of the Purchaser. As of the date of this Agreement and as of each date that DBED issues a Tax Credit Certificate to the Purchaser, the Purchaser represents and warrants to DBED the following:

- (a) Organization. The Purchaser:

(i) is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of domicile;

(ii) has the power to own its property and to carry on its business as now being conducted;

(iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties or the transaction of its business makes qualification necessary; and

(iv) meets the definition of a "Purchaser" as defined in this Agreement.

(b) Authorization. The Purchaser has the full corporate power and authority to execute and deliver this Agreement, to purchase the Tax Credits as contemplated by this Agreement, and to comply with all of the other terms and conditions set forth in this Agreement, which has been duly authorized by all necessary corporate action of the Purchaser. No approval of any other person, public authority, or regulatory body is required as a condition to the validity of the Purchaser's obligations under this Agreement, or, if required, the approval has been obtained.

(c) Validity of this Agreement. This Agreement has been properly executed by the Purchaser and will constitute the valid and legally binding obligation of the Purchaser, enforceable in all material respects against the Purchaser in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, usury, or other laws of general application relating to the enforcement of creditors' rights and the rules or laws governing specific performance, injunctive relief, or other equitable remedies.

(d) Legal Actions. There is no (1) Claim pending or, to the best of the Purchaser's knowledge, threatened in any court or before any governmental agency, or (2) investigation by or before any Governmental Authority, that:

(i) questions the validity or enforceability of this Agreement or any action taken or to be taken under this Agreement; or

(ii) is likely to result in any material adverse change in the authority, assets, liabilities, or financial condition of the Purchaser that would materially impair the Purchaser's ability to perform any of its obligations under this Agreement.

(e) Taxes. The Purchaser has paid all taxes imposed upon it and its properties by the State prior to the date when any interest or penalty would accrue for nonpayment, except for those taxes being contested in good faith and by appropriate proceedings by the Purchaser.

(f) Accuracy of Statements. All information contained in any financial statement, report, or other document given by the Purchaser in connection with the purchase of Tax Credits is true and accurate in all material respects, and the Purchaser has not omitted to state any material fact necessary to make the information not misleading.

(g) Compliance With Laws. The Purchaser is currently in compliance in all material respects with all material existing Laws applicable to its business operations in the State.

Section 3.02. Purchaser's Covenants. The Purchaser covenants as follows:

(a) Payment of Designated Capital. Subject to the terms and conditions of this Agreement, the Purchaser shall promptly pay the Designated Capital for the Tax Credits as provided in Article II of this Agreement.

(b) Books and Records; Financial Information. The Purchaser will cooperate in good faith to accommodate DBED's reasonable requests to provide access to the Purchaser's books and records and financial

information related to the Purchaser's participation in the Program, subject to Purchaser's internal policies and procedures and regulatory constraints regarding such disclosure, to the extent such access is required by law or by a State body with oversight responsibility for the Program. All such books, records and other documents shall be maintained until three years after the payment in full of the Designated Capital under this Agreement.

(c) Taxes. The Purchaser shall promptly pay all taxes imposed on the Purchaser and its properties by the State prior to the date when any interest or penalty would accrue for non-payment, except for those taxes being contested in good faith by appropriate proceedings by the Purchaser.

(d) Compliance With Laws. The Purchaser will comply in all material respects with all Laws applicable to its business operations in the State.

Section 3.03. Representations, Warranties, and Covenants of DBED. As of the date of this Agreement and as of each date that DBED issues a Tax Credit Certificate to the Purchaser, DBED represents, warrants, and covenants to the Purchaser the following:

(a) Tax Credits. The Tax Credits represented by the Tax Credit Certificate are not subject to forfeiture, disallowance, or recapture, via retaliatory tax or otherwise, by DBED or the State for any reason or in any manner and may be used against any tax obligation contemplated by the definition of Insurance Premium Tax Liability in this Agreement.

(b) Transfer. DBED acknowledges and agrees that the Tax Credits may be transferred without limitation, in whole or in part, to any party or parties who (i) purchases the Tax Credits from a Purchaser (such party, a "Transferee") or from another Transferee, and (ii) otherwise meets subsections (1)(i) and (ii) or subsection (2)(i) of the definition of "Purchaser". There is no limit on the number of times that the Tax Credits may be transferred hereunder.

(c) Authorization.

(i) Pursuant to the Act, DBED has the power to execute and deliver this Agreement and the Tax Credit Certificate (collectively, the "Transaction Documents") to be executed by it in connection with the sale of Tax Credits to the Purchaser and to perform its obligations under the Transaction Documents.

(ii) The execution and delivery of the Transaction Documents, and the performance by DBED of its obligations under the Transaction Documents, have been duly authorized by all necessary action on the part of DBED.

(iii) The Transaction Documents have been duly executed and delivered by DBED and, assuming the due execution and delivery of this Agreement by the Purchaser, constitute the valid and binding obligation of DBED, enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, usury, or other laws of general application relating to the enforcement of creditors' rights and the rules or laws governing specific performance, injunctive relief, or other equitable remedies.

(d) Notice of Payments Due. DBED shall give the Purchaser at least 30 days advance notice of the due date of a payment of Designated Capital.

(e) Books and Records. DBED will inform the Purchaser promptly of any changes to the Program requirements pertaining to the books, records, and other documents that are required for the Purchaser's compliance with this Agreement and the Program.

ARTICLE IV PURCHASER DEFAULTS AND DBED REMEDIES

Section 4.01. Purchaser Defaults. The following events shall constitute a default by the Purchaser under this Agreement (each, a “Purchaser Default”):

- (a) the Purchaser fails to pay to DBED any installment of the Designated Capital as required by Article II of this Agreement, taking account of the grace period specified in Section 2.02; or
- (b) the Purchaser sells or otherwise disposes of any of the Tax Credits other than as permitted under Article VI of this Agreement.

Section 4.02. DBED Remedies.

- (a) Upon the occurrence of any Purchaser Default, DBED may:
 - (i) require the immediate payment of the entire unpaid amount of Designated Capital that the Purchaser agreed to contribute in accordance with Article II of this Agreement;
 - (ii) assess against the Purchaser a penalty equal to 10% of the amount of the Designated Capital that is not paid as of the due date, payable within 30 days after demand by DBED;
 - (iii) declare the sale or disposition of any Tax Credits other than as permitted under Article VI of this Agreement to be null and void;
 - (iv) suspend or terminate the Purchaser's authority to receive any additional Tax Credits under this Agreement, except for Tax Credits for which contributions of Designated Capital have already been made; or
 - (v) at any time proceed to protect and enforce all rights and remedies available to DBED under this Agreement or by Law, by any other proceedings for damages or other appropriate relief, subject to the provisions of Section 7.08 of this Agreement.
- (b) All remedies provided for in this Agreement or by Law are cumulative and in addition to any other rights and remedies available to DBED. The exercise of any right or remedy by DBED shall not constitute a cure or waiver of any default by the Purchaser or invalidate any act done pursuant to any notice of default, and shall not prejudice DBED in the exercise of those rights.
- (c) No act of DBED shall be construed as an election to proceed under any one provision in this Agreement to the exclusion of any other provision.
- (d) If DBED suspends or terminates this Agreement, the rights and remedies available to DBED shall survive the suspension or termination, and such termination shall not affect the Purchaser's right to receive Tax Credits for which contributions of Designated Capital have already been made.

Section 4.03. Reallocation of Designated Capital; Waiver of Penalty.

- (a) If a Purchaser defaults on a payment of Designated Capital, DBED may in its sole discretion offer to reallocate the defaulted Designated Capital allocation among the other Purchasers.
- (b) If the reallocation of Designated Capital results in the contribution by another Purchaser or Purchasers of the amount of Designated Capital not paid by the defaulting Purchaser, then DBED may but shall not be required to, in its sole discretion, waive the penalty provided under section 4.02(a)(ii).

(c) The parties agree to execute and deliver any amendments to this Agreement and any other documents reasonably required by DBED in order to reflect any reallocation under this Section.

Section 4.04. Transfer of Tax Credits by Defaulting Purchaser.

(a) On 30 days advance written notice to DBED, a Purchaser that fails to make a payment of Designated Capital within the time specified in this Agreement may avoid the imposition of the penalty provided under section 4.02(a)(ii) by transferring the allocation of Tax Credits for which a Designated Capital payment has not been made on a timely basis to a new or existing Purchaser within 30 days after the due date of the defaulted payment in accordance with Article VI of this Agreement.

(b) Any transferee of an allocation of Tax Credits by a defaulting Purchaser shall:

(i) assume all of the obligations of the defaulting Purchaser in respect of such Designated Capital payment and corresponding allocation of Tax Credits by executing the Notice of Assignment of Tax Credits attached to the Tax Credit Certificate, and

(ii) make the required payment of Designated Capital within 30 days after the date of the transfer.

**ARTICLE V
DBED DEFAULTS AND PURCHASER REMEDIES**

Section 5.01. DBED Default. It shall constitute a DBED Default under this Agreement if through any action by the State of Maryland, the Purchaser is unable to use or transfer the Tax Credits purchased under this Agreement in the manner and to the full extent contemplated in the Act, this Agreement, and the attached Tax Credit Certificate (each, a "DBED Default").

Section 5.02. Purchaser Remedies.

(a) The Purchaser shall submit evidence reasonably satisfactory to DBED that a DBED Default has occurred.

(b) Upon presentation to DBED of such evidence and the acceptance of such evidence by DBED, which shall not be unreasonably withheld or delayed:

(i) DBED shall use its best efforts to resolve the default in consultation with any appropriate State governmental bodies, and.

(ii) the parties shall take no action to enforce their respective rights and remedies under this Agreement for 30 days following DBED's receipt of such evidence, including the Purchaser's obligation to make any payment of Designated Capital.

(c) If DBED using its best efforts is unable to resolve the default in consultation with any appropriate State governmental bodies within 30 days, or any longer period of time as may be agreed between DBED and the Purchaser:

(i) DBED shall continue to use its best efforts to resolve the default with the Purchaser,

(ii) the Purchaser shall be released from its obligation to pay to DBED any unpaid installment of Designated Capital, and

(iii) the Purchaser shall waive its right to receive the related additional Tax Credit Certificates for which it has not previously made a payment of Designated Capital under this Agreement.

(d) At any time the Purchaser may proceed to protect and enforce any additional rights and remedies available to it under this Agreement or by Law by any other proceedings for damages or other appropriate relief, subject to the provisions of Section 7.08 of this Agreement.

(e) All remedies provided for in this Agreement or by law are cumulative and in addition to any other rights and remedies available to the Purchaser. The exercise of any right or remedy by the Purchaser shall not constitute a cure or waiver of any default by DBED or invalidate any act done pursuant to any notice of default, and shall not prejudice the Purchaser in the exercise of those rights.

(f) No act of the Purchaser shall be construed as an election to proceed under any one provision in this Agreement to the exclusion of any other provision.

ARTICLE VI TRANSFER OF TAX CREDITS

Section 6.01. Transfers Permitted. On 30 days advance written notice to DBED, Tax Credits allocated to a Purchaser under this Agreement may be transferred without further restriction to any other entity that:

- (a) meets the definition of "Purchaser" under this Agreement, and
- (b) is in good standing with the Maryland Insurance Administration.

Section 6.02. Transferee Bound by this Agreement. Any transferee of Tax Credits under this Agreement shall become a party to this Agreement and shall assume all of the transferor's rights and obligations under this Agreement with respect to the transferred Tax Credits by executing the Notice of Assignment of Tax Credits attached to the Tax Credit Certificate.

ARTICLE VII MISCELLANEOUS

Section 7.01. Waivers and Amendments. Any provision of this Agreement may be amended, waived or modified only with the written consent of the Purchaser or a permitted transferee or assignee and DBED.

Section 7.02. Governing Law, Venue. This Agreement and all actions related to this Agreement shall be governed by the laws of the State of Maryland, without regard to conflicts of law principles to the extent that they would require or permit the application of laws of another jurisdiction. The parties agree that venue for any action to enforce this Agreement shall be in any Maryland state court.

Section 7.03. Entire Agreement. This Agreement, together with Exhibit A, constitutes the entire agreement between the parties with regard to the Tax Credits.

Section 7.04. Notices, etc. All notices and other communications required or permitted under this Agreement shall be in writing and shall be sent via overnight courier service or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed (a) if to DBED, to the Department of Business and Economic Development, 401 East Pratt Street, 17th Floor, Baltimore, Maryland 21202, attention _____, or at any other address or number that DBED has furnished to the Purchaser in writing, or (b) if to the Purchaser, at _____, attention _____.

_____, _____, or at any other address or number that the Purchaser has furnished to DBED in writing.

Section 7.05. Validity. If any provision of this Agreement is judicially determined to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall not be affected.

Section 7.06. Term of Agreement. This Agreement shall terminate as of the date on which the Purchaser has claimed or transferred its total allocation of Tax Credits and the State's power to audit or disallow any claim of such Tax Credits shall have expired.

Section 7.07. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one document. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by email of a scanned copy shall be effective as delivery of an original executed counterpart of this Agreement.

Section 7.08. Attorneys' Fees. If any Claim is brought for the construction, interpretation, or enforcement of any provision of this Agreement, DBED and the Purchaser agree that each party shall bear its own legal expenses and other costs of any kind incurred by reason of that Claim. Any provision of law or of this Agreement to the contrary notwithstanding, the Purchaser hereby waives expressly and irrevocably any statutory or other right it has or may have to recover from DBED or the State legal expenses and other costs that it may incur in such a Claim with respect to this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date and year first written above.

[Purchaser]

**Department of Business and
Economic Development**

By: _____
Name
Title

By: _____
Christian S. Johansson
Secretary

**EXHIBIT A
FORM OF TAX CREDIT CERTIFICATE**