

BUNCOMBE FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

SUPPLEMENTAL INDENTURE, NUMBER 2

Dated as of
February 15, 2014

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SUPPLEMENTAL INDENTURE, NUMBER 2

THIS SUPPLEMENTAL INDENTURE, NUMBER 2 dated as of February 15, 2014 (together with any supplements and amendments hereto made in accordance herewith, this “*Second Supplement*”), is between **BUNCOMBE FINANCING CORPORATION** (the “*Corporation*”), a nonprofit corporation duly created and existing under the laws of the State of North Carolina, and **U.S. BANK NATIONAL ASSOCIATION**, as trustee, under the Indenture of Trust dated as of December 1, 2010 (the “*2010 Indenture*”), between the Corporation and U.S. Bank National Association (the “*Trustee*”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the State of North Carolina (the “*State*”). This Second Supplement supplements and amends the 2010 Indenture, as previously supplemented and amended by Supplemental Indenture, Number 1 dated as of July 1, 2012 (the “*First Supplement*,” and together with the 2010 Indenture and the Second Supplement, the “*Indenture*”).

WITNESSETH:

WHEREAS, the Corporation proposes (1) to execute and deliver a series of limited obligation bonds (the “*2014A Bonds*”) and a series of taxable limited obligation bonds (the “*2014B Bonds*,” and together with the 2014A Bonds, the “*2014 Bonds*”), under the Indenture, (2) to apply the proceeds of the 2014A Bonds to (a) finance the 2014A Projects (as defined in the Second Amendment defined below), (b) refinance all or a portion of the County’s obligations with respect to the Woodfin Bonds (as defined in the Second Amendment) and a portion of the County’s installment financing obligations with respect to the 2006 Contract (as defined in the Second Amendment) and (c) pay the costs related to the execution and delivery of the 2014A Bonds and (3) to apply the proceeds of the 2014B Bonds to (a) finance the 2014B Project (as defined in the Second Amendment defined below) and (b) pay the costs related to the execution and delivery of the 2014B Bonds;

NOW THEREFORE, in addition to the rights, titles and interests granted by the Corporation to the Trustee in the Indenture, the Corporation, in consideration of the mutual covenants and agreements contained in the Indenture and for the benefit of the Owners, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, in order to further secure the payment of the principal, premium, if any, and interest with respect to all Bonds at any time outstanding under the Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and contained in the Indenture, and to declare the terms and conditions on and subject to which the Bonds are executed and delivered and secured, has executed and delivered the Indenture and has granted, warranted, aliened, remised, released, conveyed, assigned, pledged, set over and confirmed, and by these presents does grant, warrant, alien, remise, release, convey, assign, sell, set over and confirm unto the Trustee, and to its successors and assigns forever, all rights, title and interest of the Corporation in Amendment Number Two to the Installment Financing Contract dated as of February 15, 2014, between the Corporation and the County;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein it is agreed as follows:

ARTICLE I
DEFINITIONS

Except as provided herein, all defined terms contained in the 2010 Indenture, the 2010 Contract, the First Amendment, the First Supplement, the Second Amendment and the Escrow Agreement have the same meanings in this Second Supplement. In addition, the following words and terms, unless the context otherwise requires, have the following meanings:

“*Indenture*” means, collectively, the 2010 Indenture, the First Supplement and the Second Supplement.

“*Interest Payment Date*” means each June 1 and December 1, beginning June 1, 2014.

“*Second Amendment*” means Amendment Number Two to the Installment Financing Contract dated as of February 15, 2014, between the Corporation and the County.

“*Second Supplement*” means Supplemental Indenture, Number 2 dated as of February 15, 2014, between the Corporation and the Trustee and any amendments or supplements adopted in accordance with the terms of the Indenture.

“*2014A Bonds*” means the Limited Obligation Bonds, Series 2014A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant To the Contract, to be executed and delivered under the Indenture, the details of which are described in Section 2.4(a) of this Second Supplement.

“*2014B Bonds*” means the Taxable Limited Obligation Bonds, Series 2014B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant To the Contract, to be executed and delivered under the Indenture, the details of which are described in Section 2.4(a) of this Second Supplement.

[End of Article I]

**ARTICLE II
THE 2014 BONDS**

Section 2.1 Authorized Amount of 2014 Bonds. No 2014A Bonds may be executed and delivered under the provisions of this Second Supplement except in accordance with this Article. The total principal amount of 2014A Bonds that may be executed and delivered is hereby expressly limited to \$[], except as provided in Sections 2.08 and 2.09 of the 2010 Indenture. No 2014B Bonds may be executed and delivered under the provisions of this Second Supplement except in accordance with this Article. The total principal amount of 2014B Bonds that may be executed and delivered is hereby expressly limited to \$[], except as provided in Sections 2.08 and 2.09 of the 2010 Indenture.

Section 2.2 General Terms of 2014 Bonds. The 2014A Bonds will be designated “*Limited Obligation Bonds, Series 2014A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to an Installment Financing Contract between the Buncombe Financing Corporation and the County of Buncombe, North Carolina.*” The 2014B Bonds will be designated “*Taxable Limited Obligation Bonds, Series 2014B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to an Installment Financing Contract between the Buncombe Financing Corporation and the County of Buncombe, North Carolina.*” The 2014 Bonds will be executed and delivered as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof. The 2014A Bonds will be numbered from RA-1 upwards. The 2014B Bonds will be numbered from RB-1 upwards. The 2014A Bonds will be substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplement. The 2014B Bonds will be substantially in the form set forth in Exhibit B with such appropriate variations, omissions and insertions as are permitted or required by this Second Supplement.

Section 2.3 Delivery of 2014 Bonds. Before the delivery by the Trustee of any of the 2014 Bonds, the items required under Section 2.11 of the 2010 Indenture must be filed with the Trustee.

Section 2.4 Details of 2014 Bonds; Payment. The 2014A Bonds will mature on June 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

| YEAR | PRINCIPAL AMOUNT | INTEREST RATE | YEAR | PRINCIPAL AMOUNT | INTEREST RATE |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|

The 2014B Bonds will mature on June 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

| YEAR | PRINCIPAL AMOUNT | INTEREST RATE | YEAR | PRINCIPAL AMOUNT | INTEREST RATE |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|

(a) Both the principal of and the interest on the 2014 Bonds and any premiums on the prepayment thereof prior to maturity are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Each 2014 Bond shall bear interest until its principal sum has been paid, but if such 2014 Bond has matured or has been called for prepayment and the prepayment date has occurred and funds are available for the payment thereof in full in accordance with the terms of the 2010 Indenture, such 2014 Bond shall then cease to bear interest as of the maturity date or prepayment date. The 2014 Bonds will be dated as of their date of initial execution and delivery, except that 2014 Bonds issued in exchange for or

on the registration of transfer of 2014 Bonds will be dated as of the Interest Payment Date preceding the day of authentication thereof, unless (1) the date of such authentication precedes May 16, 2014, in which case they will be dated as of their date of initial execution and delivery, (2) it is authenticated after a Record Date (as defined herein) and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date or (3) the date of such authentication is a Interest Payment Date to which interest on the 2014 Bonds has been paid in full or duly provided for in accordance with the terms of this Second Supplement and the 2010 Indenture, in which case they will be dated as of such Interest Payment Date; except that if, as shown by the records of the Trustee, interest on the 2014 Bonds is in default, 2014 Bonds executed and delivered in exchange for or on registration of transfer of 2014 Bonds will be dated as of the date to which interest on the 2014 Bonds has been paid in full. If no interest has been paid on the 2014 Bonds, 2014 Bonds executed and delivered in exchange for or on the registration of transfer of 2014 Bonds will be dated as of their date of initial execution and delivery.

(b) The 2014 Bonds will be delivered by means of a book-entry system with no physical distribution of definitive 2014 Bonds made to the public. One definitive 2014 Bond for each maturity is to be delivered to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2014 Bonds in the denomination of \$5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants (the “DTC Participants”) pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant’s interest in the 2014 Bonds. Beneficial ownership interests in the 2014 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the “Beneficial Owners.” The Beneficial Owners will not receive definitive 2014 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its 2014 Bonds. Transfers of ownership interests in the 2014 Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE 2014 BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY OWNER OF THE 2014 BONDS FOR ALL PURPOSES UNDER THE 2010 INDENTURE AND THIS SECOND SUPPLEMENT, INCLUDING RECEIPT OF ALL PRINCIPAL AND PREMIUM, IF ANY, AND INTEREST ON THE 2014 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE 2010 INDENTURE OR THIS SECOND SUPPLEMENT.

Notwithstanding the provisions of paragraph (c) below, payments of principal, interest and premium, if any, with respect to the 2014 Bonds, so long as DTC is the only Owner of the 2014 Bonds, will be paid by the Trustee directly to DTC or its nominee, as provided in the Blanket Letter of Representation dated October 8, 2002, from the County to DTC (the “Letter of Representation”). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The Trustee and the County are not and will not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

If DTC determines not to continue to act as securities depository for the 2014 Bonds and a successor securities depository is not identified to replace DTC, the County will cause fully registered definitive 2014 Bonds to be delivered to DTC. The County may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC’s rules and, in that event, the County

will cause fully registered definitive 2014 Bonds to be delivered in accordance with DTC's rules and procedures.

THE COUNTY, THE CORPORATION AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE 2014 BONDS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE CONTRACT, THE 2010 INDENTURE OR THIS SECOND SUPPLEMENT TO BE GIVEN TO OWNERS; (4) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL PREPAYMENT OF THE 2014 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, AS OWNER.

(c) The 2014 Bonds and any premiums on the prepayment thereof prior to maturity are payable at the principal corporate trust office of the Trustee on presentation and surrender. Interest on the 2014 Bonds will be paid by the Trustee by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close of business on the on the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date (the "*Record Date*"). At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of the 2014 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the Owner by the Record Date. As long as Cede & Co. or another DTC nominee is the registered owner of the 2014 Bonds, the Trustee shall make all payments with respect to the 2014 Bonds by wire transfer in immediately available funds. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, premium, if any, and interest on any 2014 Bonds, whether by check or by wire transfer.

Section 2.5. Arbitrage and Tax Covenants. The Corporation covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2014A Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the Corporation will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The Corporation acknowledges that the continued exclusion of interest on the 2014A Bonds from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The Corporation covenants that it will comply, or cause the County to comply, with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2014A Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2014A Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

[End of Article II]

ARTICLE III
PREPAYMENT OF 2014 BONDS

Section 3.1. Prepayment Dates and Prices. The 2014 Bonds are subject to prepayment, in whole or in part, as set forth below:

(a) *Optional Prepayment.* The 2014 Bonds maturing on or before June 1, 2024, are not subject to optional call and prepayment before maturity. The 2014 Bonds maturing after June 1, 2024, may be prepaid before their maturities, at the option of the County, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2024, at a prepayment price equal to 100% of the principal amount of 2014 Bonds to be so prepaid plus accrued interest to the prepayment date.

(b) *Selection.* If the 2014A Bonds are called for prepayment in part, the 2014A Bonds to be prepaid are to be prepaid in such order as the County shall select, except for a prepayment pursuant to Section 3.2(b), and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2014A Bonds is discontinued, the Trustee will select 2014A Bonds to be prepaid by lot within each maturity in such manner as the Trustee in its discretion may determine. If the 2014B Bonds are called for prepayment in part, DTC will select the portion of the 2014B Bonds to be prepaid on a *pro rata* pass-through distribution of principal basis in accordance with its procedures, provided that, so long as the 2014B Bonds are held in book-entry form, the selection for prepayment of such 2014B Bonds will be made in accordance with the operational arrangements of DTC then in effect. If, at the time of such prepayment, the book-entry system with respect to the 2014B Bonds is discontinued as provided in Section 2.4(c), the Trustee will select the portion of the 2014B Bonds to be prepaid by lot in such manner as the Trustee in its discretion may determine.

When 2014 Bonds are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by Section 3.07 of the 2010 Indenture.

The Trustee shall pay to the Owners of 2014 Bonds so prepaid the amounts due on their respective 2014 Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2014 Bonds; provided, however, that, if prepaid in part, the 2014 Bonds may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2014 Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

Section 3.2. Notice of Prepayment. Notice of prepayment identifying the 2014 Bonds or portions thereof to be prepaid shall be given by the Trustee in writing not less than 30 days nor more than 60 days before the date fixed for prepayment (1) to the North Carolina Local Government Commission by Mail, (2)(A) to DTC or its nominee as permitted or required by DTC's rules and procedures or (B) if DTC or its nominee is no longer the Owner of the 2014 Bonds, by Mail to the then-registered Owners of 2014 Bonds or portions thereof to be prepaid at the last address shown on the registration books kept by the Trustee, and (3) to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system or any other system pursuant to the procedures promulgated by the MSRB.

Notwithstanding the foregoing, (1) if notice is properly given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such prepayment, (2) the failure to give any such

notice or any defect therein shall not affect the validity of the proceedings for the prepayment of the 2014 Bonds or portions thereof with respect to which notice was correctly given, and (3) the failure to give any such notice to the parties described in clause (1) or (3) in the preceding paragraph, or any defect therein, shall not affect the validity of any proceedings for the prepayment of the 2014 Bonds.

Notice of prepayment shall specify, as applicable, (1) that the 2014 Bonds or a designated portion thereof are to be prepaid, (2) the CUSIP numbers of the 2014 Bond or 2014 Bonds to be prepaid (unless all the 2014 Bonds are being prepaid), (3) the prepayment date, (4) the prepayment price, (5) the prepayment agent's name and address, (6) the date of original execution and delivery date of the 2014 Bonds, (7) the interest rate with respect to the 2014 Bond, (8) the maturity date of the 2014 Bond and (9) if a prepayment in part, called amounts for prepaid bonds.

Any notice mailed as provided in this Section is conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of prepayment there has not been deposited with the Trustee moneys sufficient to prepay all the 2014 Bonds or portions thereof called for prepayment, which moneys are or will be available for prepayment of 2014 Bonds, such notice will state that it is conditional on the deposit of the prepayment moneys with the Trustee not later than the opening of business on the prepayment date, and such notice is of no effect unless such moneys are so deposited.

Section 3.3. Prepayments. Before the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the 2014 Bonds or portions thereof called, together with accrued interest thereon to the prepayment date and any required premium. On the giving of notice and the deposit of such funds for prepayment pursuant to this Second Supplement (which, in the case of prepayment under Section 3.1(a) and (b) above, may be less than the full principal amount of the Outstanding 2014 Bonds and accrued interest thereon to the prepayment date), interest with respect to the 2014 Bonds or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

The 2014 Bonds or portions thereof called for prepayment are due and payable on the prepayment date at the prepayment price, together with accrued interest thereon to the prepayment date and any applicable prepayment premium. If any required notice of prepayment has been given and moneys sufficient to pay the prepayment price, together with accrued interest thereon to the prepayment date and any required prepayment premium, have been deposited with the Trustee, the 2014 Bonds or portions thereof so called for prepayment cease to be entitled to any benefit or security under the Indenture and the Owners of such 2014 Bonds have no rights in respect of such 2014 Bonds or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest to the prepayment date from such funds held by the Trustee.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2014 Bonds Outstanding.

Section 3.4. Cancellation. All 2014 Bonds which have been prepaid shall not be redelivered but shall be canceled and burned or otherwise destroyed by the Trustee in accordance with Section 2.10 of the Indenture.

Section 3.5. Delivery of New 2014 Bonds On Partial Prepayment of 2014 Bonds. On surrender and cancellation of the 2014 Bonds called for prepayment in part only, a new 2014 Bond or 2014 Bonds of the same maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to the unprepaid portion thereof, shall be executed on behalf of the Corporation

and authenticated and delivered by the Trustee. The expenses of such execution, authentication, delivery and exchange shall be paid by the County as Additional Payments under the Contract.

[End of Article III]

ARTICLE IV
CREATION OF ACCOUNTS; APPLICATION OF 2014 BOND PROCEEDS

Section 4.1 *Creation of Accounts.* Two accounts within the Acquisition and Construction Fund are hereby created and established with the Trustee to be designated the “2014A Bonds Account” and the “2014B Bonds Account.” Four accounts within the Bond Fund are created and established with the Trustee to be designated the “2014A Interest Account,” the “2014A Principal Account,” the “2014B Interest Account” and the “2014B Principal Account.” Two accounts within the Prepayment Fund are hereby created and established with the Trustee to be designated the “2014A Account” and the “2014B Account.” Two accounts within the Rebate Fund are hereby created and established with the Trustee to be designated the “2014A Account” and the “2014B Account.”

Section 4.2. *Application of Proceeds.* From the proceeds of the 2014A Bonds, the Corporation will cause (1) \$[] to be deposited in the 2014A Bonds Account of the Acquisition and Construction Fund, (2) \$[] to be deposited in the 2014B Bonds Account of the Acquisition and Construction Fund, [(3) \$[] to be transferred to the Escrow Agent to be deposited in the Escrow Fund created under the Escrow Agreement], and (4) \$[] to be transferred to U.S. Bank, National Association, as trustee for the Woodfin Bonds, to be transferred to [] to purchase \$[11,850,000] of the Woodfin Bonds. The Trustee will disburse the money in the 2014A Bonds Account and 2014B Bonds Account of the Acquisition and Construction Fund in accordance with Article III of the 2010 Indenture.

[End of Article IV]

ARTICLE V
MISCELLANEOUS

Section 5.1. Parties Interested Herein. Nothing in this Second Supplement expressed or implied is intended or will be construed to confer on, or to give to any person other than the County, the Trustee, the Corporation and the Owners, any right, remedy or claim under or by reason of this Second Supplement or any covenant, condition or stipulation hereof and all the covenants, stipulations, promises and agreements in this Second Supplement contained by and on behalf of the Corporation or the Trustee will be for the sole and exclusive benefit of the County, the Trustee, the Corporation and the Owners.

Section 5.2. Titles, Headings, Captions, Etc. The titles, captions and headings of the articles, sections and subdivisions of this Second Supplement have been inserted for convenience of reference only and will in no way modify or restrict any of the terms or provisions hereof

Section 5.3. Severability. If any provision of this Second Supplement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof. If any one or more of the provisions provided in this Second Supplement is construed to be invalid or unenforceable, the parties hereto shall, in the alternative, agree to replace such provision with a lawful provision which most nearly approximates the provision held to be invalid or unenforceable.

Section 5.4. Governing Law. This Second Supplement is governed by and to be construed in accordance with the laws and constitution of the State.

Section 5.5. Execution in Counterparts. This Second Supplement may be executed in several counterparts, each of which is an original and all of which constitute but one and the same instrument.

Section 5.6. Full Force and Effect. Except as supplemented or amended by this Second Supplement, all provisions of the 2010 Indenture, as amended, remain in full force and effect.

[End of Article V]

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Second Supplement to be executed in their respective names and their respective seals to be hereto affixed, as applicable, and attested by their duly authorized officials or offices, as applicable, all as of the date first above written.

BUNCOMBE FINANCING CORPORATION

[SEAL]

By: _____
Vinson A. Parsons, President

Attest:

Vincent D. Childress, Jr.
Assistant Secretary

[COUNTERPART SIGNATURE PAGE TO THE INDENTURE]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Allison Lancaster-Poole
Vice President

EXHIBIT A

FORM OF 2014A BOND

RA-

\$

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

**LIMITED OBLIGATION BOND, SERIES 2014A
Evidencing A Proportionate Undivided
Interest in Rights to Receive
Certain Revenues Pursuant to an Installment Financing Contract
Between Buncombe Financing Corporation and the
County of Buncombe, North Carolina**

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|--------------------------|----------------------|------------------------|---------------|
| % | June 1, 2037 | March [], 2014 | 120518 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Financing Contract dated as of December 1, 2010 (the “*2010 Contract*”), as previously amended by Amendment Number One to the Installment Financing Contract dated as of July 1, 2012 (the “*First Amendment*”) and as further amended by Amendment Number Two to the Installment Financing Contract dated as of February 15, 2014 (the “*Second Amendment*,” and collectively with the 2010 Contract and the First Amendment, the “*Contract*”), each between BUNCOMBE FINANCING CORPORATION (the “*Corporation*”) and the COUNTY OF BUNCOMBE, NORTH CAROLINA, a North Carolina political subdivision (the “*County*”). The interest of the Owner of this Limited Obligation Bond, Series 2014A (this “*2014A Bond*”) is secured as provided in the Indenture of Trust dated as of December 1, 2010 (the “*2010 Indenture*”), between the Corporation and U.S. Bank National Association, as trustee (the “*Trustee*”), as previously supplemented by Supplemental Indenture, Number 1 dated as of July 1, 2012 (the “*First Supplement*”) and as further supplemented by Supplemental Indenture, Number 2 dated as of February 15, 2014 (the “*Second Supplement*,” and collectively with the 2010 Indenture and the First Supplement, the “*Indenture*”), for the registered owners of the 2014A Bonds, the 2014B Bonds (as defined herein), the 2012A Bonds, the 2010A Bonds, the 2010B Bonds, the 2010C Bonds and any Additional Bonds (the “*Owners*”), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest thereon from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on June 1, 2014, and semiannually thereafter on December 1 and June 1 in each year until payment in full of such principal sum. Principal with respect to this 2014A Bond is payable in lawful money of the United States of America at the principal corporate trust office of the Trustee located in Charlotte, North Carolina, or that

of its successor; and interest with respect to this 2014A Bond is payable to the Owner hereof by check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the registered Owner of this 2014A Bond, the principal and interest with respect to this 2014A Bond shall be paid by wire transfer in immediately available funds on each principal payment date and interest payment date.

The 2014A Bonds will be delivered by means of a book-entry system with no physical distribution of 2014A Bonds made to the public. One 2014A Bond for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2014A Bonds in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2014A Bond, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The County and the Trustee will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If DTC determines not to continue to act as securities depository for the 2014A Bonds and a successor securities depository is not identified to replace DTC, the County will cause fully registered definitive 2014A Bonds to be delivered to DTC. The County may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC’s rules and, in that event, the County will cause fully registered definitive 2014A Bonds to be delivered in accordance with DTC’s rules and procedures.

The County, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal and interest with respect to the 2014A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2014A Bonds; or (e) any consent given or other action taken by DTC or its nominee.

EACH 2014A BOND EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES PURSUANT TO THE CONTRACT. THE OBLIGATION OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS (AS HEREINAFTER DEFINED) IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE COUNTY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES NOT CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA.

Limited Obligation Bonds (County of Buncombe, North Carolina), Series 2010A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$31,500,000, Taxable Limited Obligation Bonds (County of Buncombe, North Carolina Build America Bonds), Series 2010B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$20,420,000, and Taxable Limited Obligation Bonds (County of Buncombe, North Carolina, Qualified Zone Academy Bonds), Series 2010C, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$3,800,000 were executed and delivered under the 2010 Indenture to finance the 2010A Project, the 2010B Project and the 2010C

Project, respectively (each as defined in the 2010 Contract). Limited Obligation Bonds, Series 2012A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$75,365,000 were executed and delivered under the 2010 Indenture, as supplemented by the First Supplement to finance the 2012A Projects and to refinance certain of the County's prior installment payment obligations. This 2014A Bond is one of the limited obligation bonds which, together with Taxable Limited Obligation Bonds, Series 2014B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract (the "2014B Bonds"), the 2012A Bonds, 2010A Bonds, the 2010B Bonds and the 2010C Bonds, evidence proportionate undivided interests in rights to receive certain revenues, as defined in the 2010 Contract (the "Revenues") pursuant to the Contract, executed and delivered pursuant to the Indenture in the aggregate principal amount of \$[] for the purpose, among others, of providing funds to finance the 2014A Projects and refinance the County's obligation with respect to the Woodfin Bonds and the 2006 Contract (each as defined in the Second Amendment). Under the Contract, the Corporation has agreed to advance to the County the Purchase Price (as defined in the Contract), the proceeds from which will be used to finance and refinance the Projects, and the County has agreed to pay directly to the Trustee semiannual payments (the "Installment Payments") in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the 2014A Bonds, the 2014B Bonds, the 2012A Bonds, the 2010A Bonds, the 2010B Bonds, the 2010C Bonds and any Additional Bonds (collectively, the "Bonds"). In addition to the Installment Payments, the County has agreed to make certain other payments (the "Additional Payments") sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the County under the Contract. The County has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due and, as security for that payment obligation, the County has executed and delivered the Deed of Trust and Security Agreement dated as of December 1, 2010 (the "2010 Deed of Trust") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to the Premises, a Notice of Extension of the 2010 Deed of Trust dated as of July 1, 2012 (the "First Extension,"), and a Second Notice of Extension to the 2010 Deed of Trust dated as of February 15, 2014 (the "Second Extension," and together with the 2010 Deed of Trust and the First Extension, the "Deed of Trust") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to Additional Premises. If the Contract is terminated by reason of an Event of Default (as defined in the Contract), the principal amount of this 2014A Bond and the interest hereon will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from the sale, lease, sublease or other disposition of the portion of the Projects subject to the Deed of Trust. The Contract may also be terminated if the County exercises its option to prepay in full the Purchase Price. If the County prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the Bonds. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the County, the Corporation, the Trustee and the Owners, the terms on which the Bonds are secured, the terms and conditions on which the Bonds will be deemed to be paid at or before maturity or prepayment of the Bonds on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default. All capitalized, undefined terms used herein have the meanings ascribed thereto in the Contract and the Indenture.

The 2014A Bonds are executed and delivered solely as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2014A Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee on surrender of this 2014A Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2014A Bond or Bonds without coupons of the same

maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this 2014A Bond is registered as the absolute owner hereof, whether or not this 2014A Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary.

If this 2014A Bond is called for prepayment in part only, on surrender and cancellation of this 2014A Bond, a new fully registered 2014A Bond or Bonds of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unprepaid portion hereof, shall be executed and delivered by the Trustee to the Owner hereof.

The 2014A Bonds are subject to prepayment, in whole or in part, as follows:

(a) *Optional Prepayment.* The 2014A Bonds maturing on or before June 1, 2024, are not subject to optional call and prepayment before maturity. The 2014A Bonds maturing after June 1, 2024, may be prepaid before their maturities, at the option of the County, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2024, at a prepayment price equal to 100% of the principal amount of 2014A Bonds to be so prepaid plus accrued interest to the prepayment date.

(b) *Selection.* If called for prepayment in part, the Bonds to be prepaid shall be prepaid in such order as the County shall select and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2014A Bonds is discontinued as provided in the Second Supplement, by lot within a maturity in such manner as the Trustee in its discretion may determine.

When 2014A Bonds are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by the Indenture.

The Trustee shall pay to the Owners of 2014A Bonds so prepaid the amounts due on their respective 2014A Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2014A Bonds; provided, however, that, if prepaid in part, the 2014A Bonds may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2014A Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

If the Owner of any 2014A Bond of a denomination greater than the amount being prepaid fails to present such 2014A Bond to the Trustee for payment and exchange as aforesaid, such 2014A Bond will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the Bonds Outstanding.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the 2014A Bonds at the time Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter

into amendments to the Indenture, the Contract and the Deed of Trust without the consent of the Owners of the 2014A Bonds for certain purposes.

Any consent or request by the Owner of this 2014A Bond is conclusive and binding on such Owner and on all future Owners of this 2014A Bond and of any bond executed and delivered on the transfer of this 2014A Bond, whether or not notation of such consent or request is made on this 2014A Bond.

This 2014A Bond is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2014A Bond is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2014A Bond has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, BUNCOMBE FINANCING CORPORATION has caused this 2014A Bond to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon and attested with the manual or facsimile signature of its Secretary, all as of the Dated Date set forth above.

BUNCOMBE FINANCING CORPORATION

[SEAL]

By: _____
Vinson A. Parsons, President

Attest:

Vincent D. Childress, Jr.
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Limited Obligation Bonds, Series 2014A evidencing a proportionate undivided interest in rights to receive certain Revenues pursuant to the within-mentioned Contract and Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: March [], 2014

By: _____
Allison Lancaster-Poole
Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program (“*Stamp*”) or similar
program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the face
of the within Bond in every particular, without
alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED

EXHIBIT B

FORM OF 2014B BOND

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**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

**TAXABLE LIMITED OBLIGATION BOND, SERIES 2014B
Evidencing A Proportionate Undivided
Interest in Rights to Receive
Certain Revenues Pursuant to an Installment Financing Contract
Between Buncombe Financing Corporation and the
County of Buncombe, North Carolina**

| INTEREST RATE | MATURITY DATE | DATED DATE | CUSIP |
|--------------------------|----------------------|------------------------|---------------|
| % | June 1, 2037 | March [], 2014 | 120518 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Financing Contract dated as of December 1, 2010 (the “*2010 Contract*”), as previously amended by Amendment Number One to the Installment Financing Contract dated as of July 1, 2012 (the “*First Amendment*”) and as further amended by Amendment Number Two to the Installment Financing Contract dated as of February 15, 2014 (the “*Second Amendment*,” and collectively with the 2010 Contract and the First Amendment, the “*Contract*”), each between BUNCOMBE FINANCING CORPORATION (the “*Corporation*”) and the COUNTY OF BUNCOMBE, NORTH CAROLINA, a North Carolina political subdivision (the “*County*”). The interest of the Owner of this Taxable Limited Obligation Bond, Series 2014B (this “*2014B Bond*”) is secured as provided in the Indenture of Trust dated as of December 1, 2010 (the “*2010 Indenture*”), between the Corporation and U.S. Bank National Association, as trustee (the “*Trustee*”), as previously supplemented by Supplemental Indenture, Number 1 dated as of July 1, 2012 (the “*First Supplement*”) and as further supplemented by Supplemental Indenture, Number 2 dated as of February 15, 2014 (the “*Second Supplement*,” and collectively with the 2010 Indenture and the First Supplement, the “*Indenture*”), for the registered owners of the 2014B Bonds, the 2014A Bonds (as defined herein), the 2012A Bonds, the 2010A Bonds, the 2010B Bonds, the 2010C Bonds and any Additional Bonds (the “*Owners*”), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest thereon from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on June 1, 2014, and semiannually thereafter on December 1 and June 1 in each year until payment in full of such principal sum. Principal with respect to this 2014B Bond is payable in lawful money of the United States of America at the principal corporate trust office of the Trustee located in Charlotte, North Carolina, or that

of its successor; and interest with respect to this 2014B Bond is payable to the Owner hereof by check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee. Notwithstanding the foregoing, so long as Cede & Co. is the registered Owner of this 2014B Bond, the principal and interest with respect to this 2014B Bond shall be paid by wire transfer in immediately available funds on each principal payment date and interest payment date.

The 2014B Bonds will be delivered by means of a book-entry system with no physical distribution of 2014B Bonds made to the public. One 2014B Bond for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2014B Bonds in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2014B Bond, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The County and the Trustee will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If DTC determines not to continue to act as securities depository for the 2014B Bonds and a successor securities depository is not identified to replace DTC, the County will cause fully registered definitive 2014B Bonds to be delivered to DTC. The County may decide to discontinue use of the system of book-entry only transfers through DTC in accordance with DTC’s rules and, in that event, the County will cause fully registered definitive 2014B Bonds to be delivered in accordance with DTC’s rules and procedures.

The County, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal and interest with respect to the 2014B Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2014B Bonds; or (e) any consent given or other action taken by DTC or its nominee.

EACH 2014B BOND EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES PURSUANT TO THE CONTRACT. THE OBLIGATION OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS (AS HEREINAFTER DEFINED) IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE COUNTY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES NOT CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA.

Limited Obligation Bonds (County of Buncombe, North Carolina), Series 2010A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$31,500,000, Taxable Limited Obligation Bonds (County of Buncombe, North Carolina Build America Bonds), Series 2010B, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$20,420,000, and Taxable Limited Obligation Bonds (County of Buncombe, North Carolina, Qualified Zone Academy Bonds), Series 2010C, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$3,800,000 were executed and delivered under the 2010 Indenture to finance the 2010A Project, the 2010B Project and the 2010C

Project, respectively (each as defined in the 2010 Contract). Limited Obligation Bonds, Series 2012A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract in the aggregate principal amount of \$75,365,000 were executed and delivered under the 2010 Indenture, as supplemented by the First Supplement to finance the 2012A Projects and to refinance certain of the County's prior installment payment obligations. This 2014B Bond is one of the limited obligation bonds which, together with Limited Obligation Bonds, Series 2014A, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues under the Contract (the "2014A Bonds"), the 2012A Bonds, 2010A Bonds, the 2010B Bonds and the 2010C Bonds, evidence proportionate undivided interests in rights to receive certain revenues, as defined in the 2010 Contract (the "Revenues") pursuant to the Contract, executed and delivered pursuant to the Indenture in the aggregate principal amount of \$[] for the purpose, among others, of providing funds to finance the 2014B Projects. Under the Contract, the Corporation has agreed to advance to the County the Purchase Price (as defined in the Contract), the proceeds from which will be used to finance and refinance the Projects, and the County has agreed to pay directly to the Trustee semiannual payments (the "Installment Payments") in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the 2014B Bonds, the 2014A Bonds, the 2012A Bonds, the 2010A Bonds, the 2010B Bonds, the 2010C Bonds and any Additional Bonds (collectively, the "Bonds"). In addition to the Installment Payments, the County has agreed to make certain other payments (the "Additional Payments") sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the County under the Contract. The County has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due and, as security for that payment obligation, the County has executed and delivered the Deed of Trust and Security Agreement dated as of December 1, 2010 (the "2010 Deed of Trust") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to the Premises, a Notice of Extension of the 2010 Deed of Trust dated as of July 1, 2012 (the "First Extension,") and a Second Notice of Extension to the 2010 Deed of Trust dated as of February 15, 2014 (the "Second Extension,") and together with the 2010 Deed of Trust and the First Extension, the "Deed of Trust") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to Additional Premises. If the Contract is terminated by reason of an Event of Default (as defined in the Contract), the principal amount of this 2014B Bond and the interest hereon will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from the sale, lease, sublease or other disposition of the portion of the Projects subject to the Deed of Trust. The Contract may also be terminated if the County exercises its option to prepay in full the Purchase Price. If the County prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the Bonds. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the County, the Corporation, the Trustee and the Owners, the terms on which the Bonds are secured, the terms and conditions on which the Bonds will be deemed to be paid at or before maturity or prepayment of the Bonds on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default. All capitalized, undefined terms used herein have the meanings ascribed thereto in the Contract and the Indenture.

The 2014B Bonds are executed and delivered solely as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2014B Bond is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee on surrender of this 2014B Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2014B Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to

the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this 2014B Bond is registered as the absolute owner hereof, whether or not this 2014B Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary.

If this 2014B Bond is called for prepayment in part only, on surrender and cancellation of this 2014B Bond, a new fully registered 2014B Bond or Bonds of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unrepaid portion hereof, shall be executed and delivered by the Trustee to the Owner hereof.

The 2014B Bonds are subject to prepayment, in whole or in part, as follows:

(a) *Optional Prepayment.* The 2014B Bonds maturing on or before June 1, 2024, are not subject to optional call and prepayment before maturity. The 2014B Bonds maturing after June 1, 2024, may be prepaid before their maturities, at the option of the County, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2024, at a prepayment price equal to 100% of the principal amount of 2014B Bonds to be so prepaid plus accrued interest to the prepayment date.

(b) *Selection.* If called for prepayment in part, DTC will select the portion of the 2014B Bonds to be prepaid on a *pro rata* pass-through distribution of principal basis in accordance with its procedures, provided that, so long as the 2014B Bonds are held in book-entry form, the selection for prepayment of such 2014B Bonds will be made in accordance with the operational arrangements of DTC then in effect. If, at the time of such prepayment, the book-entry system with respect to the 2014B Bonds is discontinued, the Trustee will select the portion of the 2014B Bonds to be prepaid by lot in such manner as the Trustee in its discretion may determine.

When 2014B Bonds are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by the Indenture.

The Trustee shall pay to the Owners of 2014B Bonds so prepaid the amounts due on their respective 2014B Bonds at the principal corporate trust office of the Trustee on presentation and surrender of the 2014B Bonds; provided, however, that, if prepaid in part, the 2014B Bonds may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2014B Bond immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

If the Owner of any 2014B Bond of a denomination greater than the amount being prepaid fails to present such 2014B Bond to the Trustee for payment and exchange as aforesaid, such 2014B Bond will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the Bonds Outstanding.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the 2014B Bonds at the time Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter

into amendments to the Indenture, the Contract and the Deed of Trust without the consent of the Owners of the 2014A Bonds for certain purposes.

Any consent or request by the Owner of this 2014A Bond is conclusive and binding on such Owner and on all future Owners of this 2014A Bond and of any bond executed and delivered on the transfer of this 2014A Bond, whether or not notation of such consent or request is made on this 2014A Bond.

This 2014A Bond is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2014B Bond is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2014B Bond has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, BUNCOMBE FINANCING CORPORATION has caused this 2014B Bond to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon and attested with the manual or facsimile signature of its Secretary, all as of the Dated Date set forth above.

BUNCOMBE FINANCING CORPORATION

[SEAL]

By: _____
Vinson A. Parsons, President

Attest:

Vincent D. Childress, Jr.
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Taxable Limited Obligation Bonds, Series 2014B evidencing a proportionate undivided interest in rights to receive certain Revenues pursuant to the within-mentioned Contract and Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: March [], 2014

By: _____
Allison Lancaster-Poole
Vice President

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a
Participant in the Securities Transfer Agent
Medallion Program (“*Stamp*”) or similar
program.

NOTICE: The signature to this assignment must
correspond with the name as it appears on the face
of the within Bond in every particular, without
alteration, enlargement or any change whatever.

TRANSFER FEE MAY BE REQUIRED