

## GUARANTY

THIS GUARANTY (this "Guaranty") dated as of May 6, 2013 is made by the undersigned (the "Guarantor"), in favor of the United States of America, acting by and through the Department of the Navy (the "Government").

### WITNESSETH:

WHEREAS, pursuant to the Economic Development Conveyance Memorandum of Agreement by and between the United States of America, acting through the Department of the Navy and the Commonwealth of Puerto Rico, acting by and through the Local Redevelopment Authority for Naval Station Roosevelt Roads (the "LRA"), dated December 20, 2011, and Amendment No. 1 to the Economic Development Conveyance Memorandum of Agreement, dated December 11, 2012 (together, with all amendments and other modifications, if any, from time to time made thereto, the "EDC") the LRA agreed to provide to the Government certain consideration in exchange for the transfer of Parcel 1, Parcel 2, and Parcel 3 at NSRR to the LRA; and

WHEREAS, on January 25, 2012, Guarantor executed a guaranty in favor of Government for the Parcel 3 Initial Consideration; and

WHEREAS, in connection with the transfer of Parcel 1 and Parcel 2 to the LRA, the LRA has agreed to pay Guaranteed Consideration in the amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000.00) payable in fifteen (15) annual equal principal installments plus interest (each, an "Installment Payment" and collectively, the "Installment Payments"). Terms of payment are detailed in the EDC; and

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WHEREAS, as a condition precedent to the transfer of Parcel 1 and Parcel 2 to the LRA, the Guarantor is required to execute and deliver this Guaranty;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Government to accept the payment terms of the Installment Payments under the terms of the EDC, the Guarantor agrees, for the benefit of the Government, as follows:

### ARTICLE I.

#### DEFINITIONS

SECTION I.1. EDC Definitions. Unless defined separately, the terms used in this Guaranty shall be the same as used and defined in the EDC.

SECTION I.2. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

LRA is defined in the first recital.

EDC is defined in the first recital.

Guaranteed Obligations is defined in Section II.1 hereof. Guarantor is defined as the Puerto Rico Land Administration. Guaranty is defined in the preamble.

Documents mean those agreements and other documents related to the consideration as defined as in the EDC.

Material Adverse Effect means a material adverse effect on (a) the condition (financial or otherwise), operations, business, properties, assets or prospects of the Guarantor or (b) the ability of the Guarantor to timely and fully perform any of its payment or other material obligations under this Guaranty.

## ARTICLE II.

### GUARANTY PROVISIONS

SECTION II.1. Guaranty. The Guarantor hereby, under its full faith and credit, absolutely, unconditionally and irrevocably as primary obligor and not merely as surety, guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times thereafter, of the Installment Payments to the Government, due or to become due, and arising out of or in connection with the Installment Payments under the EDC, as the same may be amended, modified, extended or renewed from time to time (all such obligations being herein collectively called the "Guaranteed Obligations").

 This Guaranty constitutes a guaranty by the Guarantor of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that the Government exercises any right, assert any claim or demand or enforce any remedy whatsoever against the LRA (or any other person) before or as a condition to the obligations of Guarantor hereunder.

SECTION II.2. Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment by the Guarantor, and shall remain in full force and effect until all Guaranteed Obligations have been paid in full, finally and indefeasibly. The Guarantor guarantees that the Guaranteed Obligations shall be paid strictly in accordance with the terms of the EDC. The liability of Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of:

- (a) the failure of the Government:
  - (i) to assert any claim or demand or to enforce any right or remedy against the LRA under the provisions of the EDC, or
  - (ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Guaranteed Obligations;
- (b) any change agreed to in writing by the Government and LRA, in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed

Obligations, or any other extension, compromise or renewal of any Guaranteed Obligation, agreed to in writing by the Government and LRA;

(c) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the EDC, agreed to in writing by the Government and LRA.

### ARTICLE III.

#### REPRESENTATIONS AND WARRANTIES

To induce the Government to enter into the EDC and to comply with the terms thereunder, the Guarantor represents and warrants the following:

SECTION III.1. Validity and Binding Nature. This Guaranty is, and upon the execution and delivery thereof will be, the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, or other similar laws now or hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

SECTION III.2. Litigation and Guarantee Obligations. No litigation, arbitration proceeding or other proceeding is pending or, to the Guarantor's knowledge, threatened against the Guarantor which, if adversely determined, might have a material adverse effect against the Guarantor.

SECTION III.3. Solvency, etc. On the Effective Date and immediately prior to and after giving the considerations to the Government under the EDC, the Guarantor will be solvent, will be able to pay its debts as they mature, will own property with fair saleable value greater than the amount required to pay its debts and will have capital sufficient to carry on its business as then constituted.

SECTION III.4. Information. All written information heretofore or contemporaneously herewith furnished by the Guarantor for purposes of or in connection with the EDC and this Guaranty and the transactions contemplated thereby and hereby is, and all written information hereafter furnished by or on behalf of the Guarantor pursuant hereto or thereto or in connection herewith or therewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

### ARTICLE IV.

#### MISCELLANEOUS PROVISIONS

SECTION IV.1. Document. This Guaranty is executed pursuant to the EDC and shall (unless otherwise expressly indicated herein) be construed, administered and applied exclusively in accordance with the terms and provisions thereof.

SECTION IV.2. Binding on Successors, Transferees and Assigns; Assignment of Guaranty. This Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns, and all references herein to the Guarantor, respectively, shall be deemed to include any of such Person's successor or successors, whether intermediate or remote.

SECTION IV.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Guarantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION IV.4. Addresses for Notices to the Guarantor. All notices and other communications provided for hereunder shall be in writing and shall be mailed in the manner and to the addresses provided by in the EDC. As to the Guarantor, its address for notification purposes is c/o Executive Director, Puerto Rico Land Administration P.O. Box 363767, San Juan, PR 00936-3767.

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SECTION IV.5. No Waiver; Remedies. No failure on the part of the Government to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. All payments by the Guarantor pursuant to this Guaranty shall be made to the Government.

SECTION IV.6. Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION IV.7. Fees and Expenses. The Guarantor further agrees to pay all reasonable expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by the Government in endeavoring to collect the Guaranteed Obligations, or any part thereof, in enforcing this Guaranty against the Guarantor.

SECTION IV.8. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION IV.9. Governing Law, Entire Agreement, etc. This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without reference to conflicts of laws principles. This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION IV.10. Forum Selection and Consent To Jurisdiction. Any litigation based hereon, or arising out of, under, or in connection with, this guaranty or any other loan document, shall be brought and maintained exclusively in the federal district courts in San Juan, Puerto Rico. The Guarantor hereby expressly and irrevocably submits to the jurisdiction of the federal

district in Puerto Rico for the purpose of any such litigation as set forth above. The Guarantor hereby expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

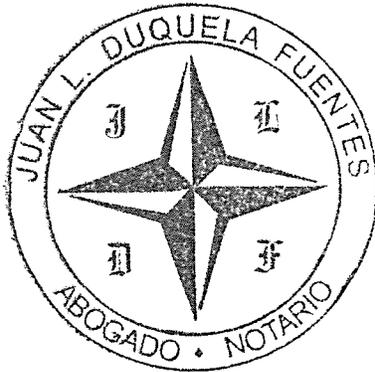
GUARANTOR:

**PUERTO RICO LAND ADMINISTRATION**

By: *María L. Blázquez*  
Name: María L. Blázquez Arsuaga  
Title: Executive Director

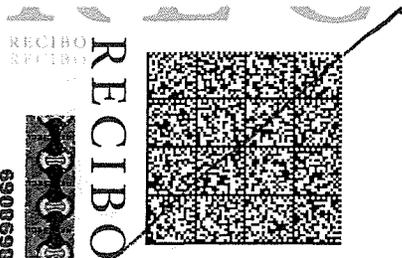
Affidavit 985

Sworn and subscribe by María L. Blázquez Arsuaga, of legal age, married, and resident of Guaynabo, Puerto Rico in her capacity as Executive Director of the Puerto Rico Land Administration, whom I have identified pursuant to her driver's license. In San Juan, Puerto Rico this 6th day of May, 2013.



*[Signature]*

NOTARY PUBLIC



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