

asset value or because of shareholder redemptions), the Fund will within one business day thereafter (a) repay all of its outstanding Interfund Loans, (b) reduce its outstanding indebtedness to 10% or less of its total assets, or (c) secure each outstanding Interfund Loan by the pledge of segregated collateral with a market value at least equal to 102% of the outstanding principal value of the loan until the Fund's total outstanding borrowings cease to exceed 10% of its total assets, at which time the collateral called for by this condition 5 shall no longer be required. Until each Interfund Loan that is outstanding at any time that a Fund's total outstanding borrowings exceeds 10% is repaid or the Fund's total outstanding borrowings cease to exceed 10% of its total assets, the Fund will mark the value of collateral to market each day and will pledge such additional collateral as is necessary to maintain the market value of the collateral that secures each outstanding Interfund Loan at least equal to 102% of the outstanding principal value of the Interfund Loan.

6. No Fund may lend to another Fund through the Proposed Credit Facility if the loan would cause its aggregate outstanding loans through the Proposed Credit Facility to exceed 15% of the lending Fund's current net assets at the time of the loan.

7. A Fund's Interfund Loans to any one Fund will not exceed 5% of the lending Fund's net assets.

8. The duration of Interfund Loans will be limited to the time required to receive payment for securities sold, but in no event more than seven days. Loans effected within seven days of each other will be treated as separate loan transactions for purposes of this condition.

9. A Fund's borrowings through the Proposed Credit Facility, as measured on the day when the most recent loan was made, will not exceed the greater of 125% of the Fund's total net cash redemptions or 102% of sales fails for the preceding seven calendar days.

10. Each Interfund Loan may be called on one business day's notice by a lending Fund and may be repaid on any day by a borrowing Fund.

11. A Fund's participation in the Proposed Credit Facility must be consistent with its investment policies and limitations and organizational documents.

12. The Cash Management Group will calculate total Fund borrowing and lending demand through the Proposed Credit Facility, and allocate loans on an equitable basis among the Funds without the intervention of any portfolio managers of the Funds (other than the

Nations Money Market Funds portfolio manager acting in his or her capacity as a member of the Cash Management Group). All allocations will require approval of at least one member of the Cash Management Group who is not a portfolio manager of a Nations Money Market Fund. The Cash Management Group will not solicit cash for the Proposed Credit Facility from any Fund or prospectively publish or disseminate loan demand data to portfolio managers. The Cash Management Group will invest any amounts remaining after satisfaction of borrowing demand in accordance with the standing instructions from portfolio managers or return remaining amounts for investment directly by the portfolio managers.

13. The Cash Management Group will monitor the interest rates charged and the other terms and conditions of the Interfund Loans and will make a quarterly report to the Boards concerning the participation of the Funds in the Proposed Credit Facility and the terms and other conditions of any extensions of credit under the facility.

14. The Boards of the Trusts, including a majority of the Independent Trustees, will (a) review no less frequently than quarterly each Fund's participation in the Proposed Credit Facility during the preceding quarter for compliance with the conditions of any order permitting the transactions; (b) establish the Bank Loan Rate formula used to determine the interest rate on Interfund Loans, approve any modifications thereto, and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate formula; and (c) review no less frequently than annually the continuing appropriateness of the Fund's participation in the Proposed Credit Facility.

15. In the event an Interfund Loan is not paid according to its terms and the default is not cured within two business days from maturity or from the time the lending Fund makes a demand for payment under the provisions of the Interfund Lending Agreement, the Cash Management Group will promptly refer the loan for arbitration to an independent arbitrator, selected by the Board(s) whose Funds are involved in the loan, who will serve as arbitrator of disputes concerning Interfund Loans.³ The arbitrator will resolve any problem promptly, and the arbitrator's decision will be binding on both Funds. The

arbitrator will submit at least annually a written report to the Board(s) setting forth a description of the nature of any dispute and the actions taken by the Funds to resolve the dispute.

16. Each Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the Proposed Credit Facility occurred, the first two years in an easily accessible place, written records of all such transactions, setting forth a description of the terms of the transaction, including the amount, the maturity and the rate of interest on the loan, the rate of interest available at the time on short-term repurchase agreements and bank borrowings, and such other information presented to the Board in connection with the review required by conditions 13 and 14.

17. The Cash Management Group will prepare and submit to the Boards for review an initial report describing the operations of the Proposed Credit Facility and the procedures to be implemented to ensure that all the Funds are treated fairly. After the commencement of the operations of the Proposed Credit Facility, the Cash Management Group will report on the operations of the Proposed Credit Facility at each Board's quarterly meetings.

In addition, for two years following the commencement of the Proposed Credit Facility, the independent public accountant for each Trust shall prepare an annual report that evaluates the Cash Management Group's assertion that it has established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attestation Engagements No. 3 and it shall be filed pursuant to item 77Q3 of Form N-SAR. In particular, the report shall address procedures designed to achieve the following objectives: (a) That the Interfund Rate will be higher than the Repo Rate but lower than the Bank Loan Rate; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures established by each Board; and (e) that the interest rate on any Interfund Loan does not exceed the interest rate on any third party borrowings of a borrowing Fund at the time of the Interfund Loan.

After the final report is filed, the independent public accountant for the Trusts in connection with Fund audit

³ If a dispute involves Funds with separate Boards, the respective Boards will agree on an independent arbitrator that is satisfactory to them.