**EXECUTION COPY**

**SCHEDULE**

**to the**

**MASTER AGREEMENT**

**dated as of February 12, 2003**

**between**

**JPMORGAN CHASE BANK ("Party A"),**

**a banking corporation existing under the laws of the State of New York**

**and**

**NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION ("PARTY B"),**

**a body corporate and politic**

**of the State of New York constituting a**

**public benefit corporation of the**

**State of New York**

**Part 1. Termination Provisions.**

(a) "***Specified Entity***" means in relation to Party A for the purpose of:

Section 5(a)(v) (Default under Specified Transaction), Not Applicable.

Section 5(a)(vi) (Cross Default), Not Applicable.

Section 5(a)(vii) (Bankruptcy), Not Applicable.

Section 5(b)(ii)(Credit Event Upon Merger), Not Applicable.

and in relation to Party B for the purpose of:

Section 5(a)(v) (Default under Specified Transaction), Not Applicable.

Section 5(a)(vi) (Cross Default), Not Applicable.

Section 5(a)(vii) (Bankruptcy), Not Applicable.

Section 5(b)(ii)(Credit Event Upon Merger), Not Applicable.

(b) ***"Specified Transaction"*** will have the meaning specified in Section 12 of this Agreement; provided that with respect to Party B, Specified Transaction shall include only those Specified Transactions that are payable from the source of payment specified in Section 4(d) this Agreement.

(c) The ***"Cross Default"*** provisions of Section 5(a)(vi) will apply to Party A and to Party B.

***"Specified Indebtedness"*** with respect to Party A, will have the meaning specified in Section 12 of this Agreement provided that Specified Indebtedness shall not include deposits received in the course of Party A's ordinary banking business, and, with respect to Party B, will mean any bonds issued pursuant to the Resolution and any interest rate exchange agreement executed by Party B that is payable from the source of payment specified in Section 4(d) of this Agreement (the inclusion of interest rate exchange agreements as Specified Indebtedness shall not create any implication that an interest rate exchange agreement constitutes indebtedness).

***"Threshold Amount"*** means the lesser of 3% of Stockholders' Equity or $100,000,000 for Party A and $35,000,000 for Party B. "Stockholders' Equity" shall be determined by reference to Party A's most recent consolidated quarterly balance sheet and shall include legal capital, paid-in capital, retained earnings and cumulative translation adjustments, all in accordance with generally accepted accounting principles in the United States.

(d) The ***"Credit Event Upon Merger"*** provisions of Section 5(b)(ii) will apply to Party A and will not apply to Party B.

(e) The ***"Automatic Early Termination"*** provision of Section 6(a) will not apply to Party A or to Party B.

(f) ***Payments on Early Termination.*** For the purpose of Section 6(e) of this Agreement:

(A) Market Quotation will apply.

(B) The Second Method will apply.

(g) ***Additional Termination Event*** will apply. The following shall constitute Additional Termination Events:

(i) If the unenhanced, unsubordinated Specified Indebtedness of Party B is not rated by at least one of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P"), Moody's Investors Service, Inc. (or any successor) ("Moody's"), or Fitch Investor's Service (or any successor) ("Fitch") at least BBB, Baa2 or BBB, as applicable, <u>or</u> the unenhanced, unsubordinated Specified Indebtedness of Party B is rated by any one of S&P, Moody's or Fitch lower than BBB-, Baa3 or BBB-, as applicable, then a "Party B Ratings Event" shall be deemed to have occurred. Party B shall promptly notify Party A of the occurrence of a Party B Ratings Event; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. A Party B Ratings Event shall be deemed an Additional Termination Event for which all Transactions under this Agreement shall be Affected Transactions. For the purposes of Section 6(b) and Section 6(e), Party B shall be the sole Affected Party.

(ii) It shall be an Additional Termination Event if Party A has notified Party B that a Party B Downgrade Event (as defined below) has occurred and Party B has not, within 20 days of receiving such notice, at its sole election, either (a) provided a guarantee, letter of credit, surety bond, insurance policy or other credit support document with respect to the amounts payable by Party B under Sections 2 and 6 of this Agreement in a form and by a provider reasonably acceptable to Party A; (b) transferred this Agreement pursuant to Section 7(d) of this Agreement or otherwise transferred this Agreement to a counterparty reasonably acceptable to Party A pursuant to terms reasonably acceptable to Party A; or (c) executed a credit support annex with Party A in substantially the form executed by Party A upon the execution and delivery of this Agreement. For purposes of Section 6(e), Party B shall be the sole Affected Party. A "Party B Downgrade Event" shall occur if the unenhanced, unsubordinated Specified Indebtedness of Party B is not rated by at least one of S&P, Moody's or Fitch at least BBB+, Baa1 or BBB+, as applicable, <u>or</u> the unenhanced, unsubordinated Specified Indebtedness of Party B is rated by any one of S&P, Moody's or Fitch lower than BBB, Baa2 or BBB, as applicable. Party B shall promptly notify Party A of the occurrence of a Party B Downgrade Event; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder.

(iii) It shall be an Additional Termination Event if a Party A Downgrade Event (as defined below) has occurred and Party A has not, within 30 Local Business Days of such downgrade, with the consent of Party B, assigned its rights and obligations under this Agreement to an entity, or an entity which provides a guarantor, with an unguaranteed, unsecured senior long-term debt or equivalent rating by a nationally recognized statistical rating

agency within one of the two highest investment grade categories, it being agreed that such entity or such guarantor may not have any ratings below the three highest rating categories from any nationally recognized statistical rating agency or such other ratings as may be required by law. For purposes of Section 6(e), in the event of a Party A Downgrade Event, Party A shall be the sole Affected Party. A "Party A Downgrade Event" shall occur if the unguaranteed, unsecured senior long-term debt of Party A is not rated by at least one of S&P, Moody's or Fitch at least BBB+, Baa1+ or BBB+, as applicable, or the unguaranteed, unsecured senior long-term debt of Party A is rated by any one of S&P, Moody's or Fitch lower than BBB, Baa2 or BBB, as applicable. Party A shall promptly notify Party B of the occurrence of a Party A Downgrade Event; provided that, the failure of Party A to provide such notice shall not constitute an Event of Default hereunder.

(h) ***Events of Default.***

(i) ***Cross Default.*** Section 5(a)(vi) of this Agreement is hereby amended to read in its entirety as follows:

"(vi) ***Cross Default.*** With respect to Party A shall mean the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period); and

With respect to Party B shall mean the occurrence or existence of a default on Specified Indebtedness of Party B with a principal or notional amount of not less than the Threshold Amount (as specified in the Schedule) either (1) when any amount on such Specified Indebtedness is due and payable or (2) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments before it would otherwise have been due and payable;"

(ii) ***Bankruptcy.*** Section 5(a)(vii) is hereby amended by renumbering existing Clauses (8) and (9) to be Clauses (9) and (10), respectively, and is further amended by replacing the reference to "clauses (1) to (7) (inclusive)" in what is now Clause (9), with a reference to "clauses (1) to (8) (inclusive)" and is further amended by adding a new clause (8) to read as follows:

"(8) is subject to a statute, rule or regulation which has been enacted and has the force of law and which establishes an agency, authority, body or oversight board to monitor, review or oversee a financial emergency with respect to such party".

(iii) ***Merger Without Assumption.*** Section 5(a)(viii) of this Agreement is hereby amended to read in its entirety as follows:

"(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity (or, without limiting the foregoing, if such party is a Government Entity, an entity such as a board, commission, authority, agency, public benefit corporation or political subdivision succeeds to the principal functions of, or powers and duties granted to, such party or any Credit Support Provider of such party) and, at the time of such consolidation, amalgamation, merger, transfer or succession:

(1) the resulting, surviving, transferee or successor entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement;

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement; or

(3) in the case of Party B, the benefits of the Financing Agreement fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement."

(i) ***Early Termination.***

Section 6 is hereby amended by adding the following as new subsections (f) and (g):

"(f) ***Set-off.*** Neither party hereto shall have a right of set-off with respect to amounts due hereunder; provided, however, that this provision shall not affect the rights of Party B to exercise remedies including any right of set-off under the credit support annex executed in connection herewith."

"(g) ***Optional Termination by Party B.*** Party B may, upon at least five (5) Business Days' written notice to Party A, terminate any Transactions under this Agreement by designating to Party A the termination date for such Transactions. In the event Party B exercises its right of optional termination hereunder, the provisions of Section 6(e)(i)(3) shall apply as though Party B is the sole Affected Party. Party B may not optionally terminate any Transactions pursuant to this section unless Party B also provides evidence reasonably satisfactory to Party A that Party B has or will have on the termination date available funds with which to pay any amount due to Party A as a result of such Optional Termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the date of such Optional Termination."

**Part 2. Agreement to Deliver Documents.**

For the purpose of Section 4(a) of this Agreement, each party agrees to deliver the following documents, as applicable:

| PARTY REQUIRED TO DELIVER | FORM/DOCUMENT/ CERTIFICATE | DATE BY WHICH TO BE DELIVERED | COVERED BY SECTION 3(d) |
|---|---|---|---|
| Party A and Party B | Certified copies of all documents evidencing necessary corporate and other authorizations and approvals with respect to the execution, delivery and performance by the party and any Credit Support Provider of this Agreement, any Credit Support Document and any Confirmation, including, where applicable, certified copies of the resolutions of its Board of Directors authorizing the execution and delivery of this Agreement, the relevant Credit Support Document or any Confirmation. | Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation. | Yes |
| Party A and Party B | A certificate of an authorized officer of the party and any Credit Support Provider as to the incumbency and authority of the officers of the party and any Credit Support Provider signing this Agreement, any Credit Support Document or any Confirmation. | Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation. | Yes |
| Party A and Party B | With respect to Party A, a copy of the most recent annual report (and each annual report thereafter) of Party A, and with respect to Party B, a copy of the most recent audited annual financial statements of Party B and Annual Information Statement of the State of New York and any updates thereto and the audited financial | Promptly after request by the other party. | Yes |

| | | | |
|---|---|---|---|
| | statements of the State of New York, in each case when available to Party B, containing in all cases audited consolidated financial statements for each fiscal year during which this Agreement is in effect certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized. | | |
| Party A | A copy of the unaudited consolidated financial statements of Party A, for each semiannual period in each fiscal year during which this Agreement is in effect prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized. | Promptly after request by the other party. | Yes |
| Party A | A copy of each regular financial or business reporting document that is (i) distributed or made generally available to respective shareholders or investors and made publicly available or (ii) filed in accordance with the disclosure requirements of any applicable statute, rule, regulation or judicial decree and made available for public inspection. | Promptly after request by the other party. | Yes |
| Party A and Party B | Such other documents as the other party may reasonably request | Promptly after request by the other party. | Yes |
| Party A and Party B | An opinion of counsel to the party and any Credit Support Provider substantially in the form set forth in Exhibit B attached hereto and | Upon execution of this Agreement and each Confirmation. | No |

covering such other
matters as reasonably
requested by the receiving
party.

**Part 3. Miscellaneous.**

(a) *Notices.* For the purpose of Section 10(a) of this Agreement:

Address for notices or communications to Party A:

Address: JPMorgan Chase Bank
270 Park Avenue, 40th Floor
New York, NY 10017-2070

Attention: Legal Department-Capital Markets Group

Fax No: (212) 270-7468

Telephone No.:

with a copy to:

JPMorgan Chase Bank
c/o Global Derivative Operations
4 Metrotech Center, 17th Floor
Brooklyn, NY 11245

Attention:_____

Fax No.: (718) 242-9260

Telephone No.: (718) 242-3313

Address for notice or communications to Party B:

Address: c/o Office of the Comptroller
14th Floor
110 State Street
Albany, New York 12236

Attention: _____

Fax No.: _____ Telephone No.: _____

(b) *Notices.* Section 10(a) is amended by adding in the third line thereof after the phrase "messaging system" and before the ")" the words "; provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or if answer back confirmation is not received from the party to whom the telex is sent."

(c) *Calculation Agent.* The Calculation Agent is Party A unless Party A is the Defaulting Party, in which case the Calculation Agent means a leading dealer in the relevant market designated by Party B. Calculations by the Calculation Agent shall be binding and conclusive absent manifest error.

(d) ***Credit Support Document.*** Details of any Credit Support Document: in relation to Party A means the credit support annex attached as Exhibit C.

(e) ***Credit Support Provider.*** Credit Support Provider means in relation to Party A and Party B, not applicable.

(f) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).

(g) ***Netting of Payments.*** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions entered into between Party A and Party B.

(h) ***"Affiliate"*** will have the meaning specified in Section 12 of this Agreement, but with respect to Party B, will exclude the State of New York.

(i) "***Government Entity***" means Party B.

(j) ***Account details.*** Payments shall be made to the following accounts:

Payments to Party A:

For the Account of:

Name of Bank:

Account No.:

Fed ABA No.:

Settlements:

Telephone No.: _____
Facsimile No.: _____

Payments to Party B:

_____

**Part 4. Other Provisions.**

(a) Representations.

(i) The introductory clause of Section 3 of this Agreement is hereby amended to read in its entirety as follows:

"Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(a), 3(e) and 3(f), at all times until the termination of this Agreement) that–".

(ii) Section 3(a) of this Agreement is hereby amended by adding the following subparagraph (vi):

"(vi) ***Eligible Contract Participant.*** It is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act."

(iii) Section 3 of this Agreement is hereby amended by adding the following subsections (e), (f), (g) and (h) thereto:

"(e) ***Non-Speculation.*** This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its borrowings or investments and not for purposes of speculation.".

"(f) ***No Immunity.*** It is not immune from suit or judgment for amounts due and payable pursuant to this Agreement, it being understood that, with respect to Party B, payment of any judgment shall be solely from sources available under Section 4(d) "Source of Payments" hereof.".

"(g) ***Acting as Principal.*** Each party hereto represents and warrants to the other party hereto that it is acting as a principal hereunder and not as an agent for any other party."

"(h) ***No Reliance.*** In connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) the other party is not acting as a fiduciary or financial or investment advisor for it; (ii) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary; (iii) that Transaction has been the result of arm's length negotiations between the parties; (iv) it is entering into this Agreement, such Credit Support Document and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (v) it is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (vi) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction (it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction); and (vii) it has not received from the other party any assurance or guarantee as to the expected results of that Transaction."

(b) Agreements.

(i) Section 4 of this Agreement is hereby amended by adding the following subsections (d), (e) and (f) thereto:

"(d) ***Source of Payments.*** The obligations of Party B to make payments to Party A under this Agreement (including payments upon Early Termination pursuant to Section 6(e) of the Agreement) shall be special obligations of Party B payable solely from amounts paid to Party B by the State of New York pursuant to the Financing Agreement which are on deposit in the Subordinated Payment Fund established and held under the Resolution following any payment required to be made therefrom with respect to "bank bonds" in advance of scheduled bond principal payments. Payments to Party B under the Financing Agreement are subject to annual appropriation by the State of New York. The obligations of Party B under this Agreement do not constitute an enforceable obligation or a debt of the State of New York or any unit of local government of the State of New York, nor shall the State of New York or any unit of local government of the State of New York be liable thereon nor shall the amounts payable by Party B to Party A hereunder be payable out of any funds or property other than those described in the preceding sentence and neither the faith and credit nor the taxing power of the State of New York or any such unit of local government is pledged to the payment of the obligations of Party B hereunder."

"(e) ***No Recourse.*** All covenants, stipulations, promises, agreements and obligations of Party B contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of Party B and not of any member, officer or employee of Party B in his or her individual capacity, and no recourse shall be had for the payment of any amount due hereunder or for any claims based hereon against any member, officer or employee of Party B or any person executing this Agreement for Party B, all such liability, if any, being expressly waived and released by Party A."

"(f) ***Actions with Respect to Financing Agreement.*** Party B agrees to comply with all of its obligations under the Financing Agreement that are material to the performance of its obligations under this Agreement. Party B shall not enter into any amendment to, or waive any provision of, the Financing Agreement if such amendment or waiver would materially adversely affect Party B's ability to perform its obligations hereunder without the prior written consent of Party A. Party B agrees to enforce all provisions of the Financing Agreement relating to the performance of its obligations hereunder."

(c) ***Transfer.*** Section 7 of this Agreement is hereby amended to read in its entirety as follows:

"Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that: -

(a) upon reasonable notice, a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement);

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);

(c) Party A upon five (5) Business Days notice to Party B may transfer this Agreement and all of its interests and obligations in or under this Agreement to any Affiliate of Party A; provided that Party A provides a guarantee of such Affiliate's obligations in form and substance reasonably satisfactory to Party B; and

(d) Party B may transfer all of its rights and obligations under any Transaction (the "Transferred Obligation") to another entity (the "Transferee"); provided that:

(1) the credit worthiness of the Transferee or its guarantor is reasonably acceptable to Party A;

(2) the Transferee and Party A shall have executed a master agreement in form and substance satisfactory to Party A with terms appropriate for counterparties with the Transferee's credit rating, as determined by Party A in good faith (including such Credit Support Documents as shall be required by Party A and appropriate for counterparties with the Transferee's (or its guarantor's) credit rating, as determined by Party A in good faith) under which the Transferred Obligations will be governed;

(3) at the time of such transfer, no Early Termination Date shall have been designated under this Agreement and no Event of Default, Potential Event of Default or Termination Event shall have occurred and be continuing under this Agreement with respect to Party B;

(4) such transfer will not result in the violation of any law, regulation, rule, judgment, order or other legal limitation or restriction applicable to Party A;

(5) such transfer will not result in a violation of Party A's counterparty eligibility or credit practices or policies or exposure limitations;

(6) at the time of such transfer, no event which would constitute a Termination Event, Event of Default or Potential Event of Default with respect to the Transferee if the Transferee were a party to this Agreement (or its guarantor were a Credit Support Provider under this Agreement) shall have occurred;

(7) such transfer does not result in any adverse tax consequences to Party A, including the obligation to deduct or withhold an amount with respect to any Tax from payments required to be made to the Transferee, the receipt of payments from the Transferee from which amounts with respect to any Tax may be deducted or withheld or the imposition of any tax, levy, impost, duty charge, or

fee of any nature by any government or taxing authority which would not have been imposed but for such transfer; and

(8) the Transferee is organized under the laws of the United States or a state thereof.

Any purported transfer that is not in compliance with this Section will be void."

(d) ***Jurisdiction/Waiver of Immunities:*** Section 11(b) and Section 11(c) of this Agreement are hereby deleted in their entirety and replaced with the following:

"With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the exclusive jurisdiction of the Supreme Court of the State of New York and agrees that, as provided in Section 3247(2) of the New York Local Government Assistance Corporation Act, venue shall be laid in the Supreme Court of the State of New York in the County of Albany; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party."

(e) ***Waiver of Jury Trial.*** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings relating to this Agreement or any Credit Support Document.

(f) ***Definitions.*** Section 12 of this Agreement is hereby amended to add the following definitions in their appropriate alphabetical order:

**"Financing Agreement"** means the Payment Agreement made and entered into on February 27, 1991 by and between Party B and the State of New York acting by and through the Director of the Budget of the State of New York, as amended and supplemented from time to time.

**"Government Entity"** means Party B.

**"Incipient Illegality"** means (i) any assertion by an officer of a party in his or her official capacity on behalf of such party in any legal proceeding or action in respect of such party, to the effect that performance by such party under this Agreement or similar agreements is unlawful and (ii) the enactment of legislation by the legislature (e.g., in the case of the State of New York, both the New York State Senate and the New York State Assembly and in the case of the United States, both the United States Senate and the U.S. House of Representatives) that is not vetoed and has not become law for 60 days which, if adopted as law, would render unlawful (a) the performance by a party of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by a party with any other material provisions of this Agreement relating to such Transaction or (b) the performance by a party or a Credit Support Provider of such party of any contingent or other obligation which such party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction.

**"Resolution"** means the General Subordinate Lien Bond Resolution adopted by Party B on December 30, 2002, as amended and supplemented from time to time.

(g) ***Accuracy of Specified Information.*** Section 3(d) is hereby amended by adding at the end of the third line thereof after the word "respect" and before the period the words, "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of it." With respect to information concerning the State of New York provided by Party B, such representation is based solely upon the representation of the Division of the Budget of the State of New York or the Office of the State Comptroller of the State of New York, as applicable.

(h) ***Notice of Incipient Illegality.*** If an Incipient Illegality occurs, Party B will, promptly upon becoming aware of it, notify Party A, specifying the nature of that Incipient Illegality; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. Party B will also give such other information about that Incipient Illegality as Party A reasonably requests.

(i) ***Deferral of Payments and Deliveries in Connection with Illegality and Incipient Illegality.*** Section 2(a)(iii) is hereby amended to read in its entirety as follows:

"(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default, Illegality, Potential Event of Default or Incipient Illegality with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement."

(j) ***No Indemnification.*** Each party will be responsible for all damage to life and properties due to negligent or otherwise tortious acts, errors or omissions of such party in connection with its obligations under this Agreement to the extent provided by law. Party A shall not indemnify Party B, and Party B shall not indemnify Party A, for any claims, suits, actions, damages or costs resulting from the performance of its obligations under this Agreement.

(k) ***Appendix I.*** Notwithstanding any other provisions of this Agreement, Party A and Party B agree that Party A shall be bound by the provisions of the Appendix I (Standard Clauses for All New York Local Government Assistance Corporation Contracts) annexed hereto, which shall be deemed an integral part of this Schedule. Notwithstanding Section 12 of Appendix I, if there exists a conflict between a provision in Appendix I and this Schedule, this Schedule shall govern to the extent permitted by law.

(l) ***Consent to Recording.*** Each party (i) consents to the recording of all telephone conversations between trading, operations and marketing personnel of the parties and their Affiliates in connection with this Agreement or any potential Transaction; (ii) agrees to give notice to its own personnel and the personnel of its Affiliates that their calls will be recorded; and (iii) agrees that, in any Proceedings, such recordings may be introduced into evidence and it will not object to the introduction of such recordings into evidence on grounds that consent was not properly given.

[Remainder of Page Intentionally Left Blank]

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

JPMORGAN CHASE BANK

By: _____
Name:
Title:
Date:

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

By: _____
Name: Nancy M. Burton
Title: Treasurer
Date:

EXHIBIT A

[Form Of Confirmation]

[Note: This Is A Sample Confirmation Only.

Actual Confirmation May Change Substantially.]

[LETTERHEAD OF PARTY A]

_____, 2003

New York Local Assistance Corporation
c/o Office of the State Comptroller
14th Floor
110 State Street
Albany, New York 12236

Dear Sirs:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction (the "Transaction") entered into between ("Party A") and the New York Local Assistance Corporation ("Party B") on the Trade Date specified below. This letter agreement constitutes a "Confirmation" as referred to in the Master Agreement specified below.

The definitions and provisions contained in the 2000 Definitions and the 1992 ISDA U.S. Municipal Counterparty Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions of this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the Master Agreement dated as of February 12, 2003, 2003, as amended and supplemented from time to time (the "Agreement"), between Party A and Party B. All provisions contained in the Agreement govern this Confirmation except as specifically modified below.

2. The terms of the particular transaction to which this Confirmation relates are as follows:

Notional Amount:

Trade Date: _____, 2003

Effective Date: _____, 2003

Termination Date: _____, 20

Fixed Amounts:

Fixed Rate Payer: Party B

Fixed Rate Payer Payment Dates: Each _____ and _____ commencing _____, with the final Payment Date being _____, [not] subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Payer Period End Dates: Each _____ and _____, commencing _____. No Adjustment shall apply to Period End Dates.

| | |
|---|---|
| Fixed Rate: | %. |
| Fixed Rate Day Count Fraction: | 30/360 |

Floating Amounts:

| | |
|---|---|
| Floating Rate Payer: | Party A |
| Floating Rate Payer Payment Dates: | The first day of each month commencing _____, with the final Payment Date being _____, subject to adjustment in accordance with the Following Business Day Convention. |
| Floating Rate Payer Period End Dates: | The first day of each month, commencing _____. No adjustment shall apply to Period End Dates. |
| Floating Rate Option: | |
| Floating Rate Day Count Fraction: | Actual/Actual |
| Method of Calculation: | Weighted Average |
| Reset Dates: | The __ day of each _____ on and after the Effective Date. For purposes of this provision, "Business Day" means any day other than a Saturday, a Sunday, a day on which commercial banks in New York City are required to be closed or a day on which the New York Stock Exchange is closed. |

3. Payment Instructions: As are set forth in the Agreement

[4. The Calculation Agent shall calculate the amounts due from Party B to Party A on each Fixed Rate Payer Payment Date and shall calculate the amounts due from Party A to Party B on each Floating Rate Payer Payment Date. At least five (5) Business Days prior to each Floating Rate Payer Payment Date, the Calculation Agent shall inform Party A and Party B of the amount due from one party to the other on such Floating Rate Payer Payment Date; provided that failure to give such notice within such time period shall not constitute an Event of Default hereunder.]

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing both copies of this Confirmation enclosed for that purpose and returning one copy to us (initially by facsimile, to be followed by delivery of the original).

Yours sincerely,

[PARTY A]

By:_____
Name:
Title:

Confirmed as of the date first above written

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

By:_____

Name: Nancy M. Burton
Title: Treasurer

EXHIBIT B

Dear Sirs:

This opinion is furnished to you pursuant to the Agreement dated as of [DATE], (the "Agreement") between Party A and Party B. Terms defined in the Agreement and used but not defined herein have the meanings given to them in the Agreement.

We have acted as counsel to [X] in connection with the preparation, execution and delivery of the Agreement. In that connection [we] [I or my staff working under my supervision] have examined such documents as we have deemed necessary or appropriate for the opinions expressed herein.

The opinions set forth herein are limited to the laws of the State of New York and the federal laws of the United States.

Based on the foregoing and upon such investigations as we have deemed necessary, we are of the opinion that, subject, in the case of the opinions set forth in paragraph 4 below, to the qualifications set forth in the last paragraph of this opinion:

(1) [X] is duly organized, validly existing, [and in good standing] under the laws of its jurisdiction of incorporation and has the [corporate] power and authority to execute and deliver, and to perform its obligations under, the Agreement.

(2) The execution and delivery of the Agreement by [X][, and any other agreement which [X] has executed and delivered pursuant thereto,] and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of its certificate of incorporation or by-laws (or equivalent constitutional documents) or any law, regulation or contractual restriction binding on or affecting it or its property.

(3) All consents, authorizations and approvals required for the execution and delivery by [X] of the Agreement[, and any other agreement which [X] has executed and delivered pursuant thereto,] and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance.

(4) The Agreement[, and any other agreement which [X] has executed and delivered pursuant thereto,] has been duly executed and delivered by [X] and constitutes the legal, valid and binding obligation of [X], enforceable against [X] in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

The opinions set forth in paragraph 4 above are subject to the qualification that we express no opinion regarding the legality, validity, binding effect or enforceability of Section 6(e) of the Agreement insofar as it purports to obligate a party, on termination of the Agreement, to pay an amount in excess of that measured by the lowest quotation from a Reference Market Maker. In addition, in connection with any such early termination on the grounds of default, a court might limit the non-Defaulting Party's recovery to its actual damages in the circumstances, imposing its own settlement procedures in lieu of the provisions of Section 6(e) of the Agreement.

Very truly yours,

## APPENDIX I

## STANDARD CLAUSES FOR ALL

## NEW YORK

## LOCAL GOVERNMENT ASSISTANCE CORPORATION CONTRACTS

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "Contractor" herein refers to any party other than the New York Local Government Assistance Corporation (hereinafter "Corporation") or the State, whether a contractor, licensor, licensee, lessor, lessee or any other party):

1. EXECUTORY CLAUSE: The Corporation shall have no liability under this contract to the Contractor or anyone else in excess of moneys available to the Corporation for the purpose of making payments pursuant to this contract. The Corporation expects to have moneys available to it only from the proceeds of bonds issued by the Corporation or appropriations by the Legislature of the State of New York. In accordance with Section 3240 of the Public Authorities Law, the State of New York (hereinafter the "State") shall have no liability under this contract and is not obligated to appropriate moneys to the Corporation. No contractor shall have the right to force the Corporation to issue its bonds to make moneys available for payment pursuant to any contract.

2. NON-ASSIGNMENT CLAUSE. This contract may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of the Corporation and any attempts to assign the contract without the Corporation's written consent are null and void. The Contractor may, however, assign its right to receive payment without the Corporation's prior written consent.

3. WORKERS' COMPENSATION BENEFITS. This contract shall be void and of no force and effect unless the Contractor shall provide and maintain coverage during the life of this contract for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

4. NON-DISCRIMINATION REQUIREMENTS. In accordance with Article 15 of the State's Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability or marital status. Furthermore, in accordance with Section 220-e of the State Labor Law, if this is a contract for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this contract shall be performed within the State, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex or national origin: (a) discriminate in the hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. If this is a building service contract as defined in Section 230 of the State Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. Contractor is subject to fines of $50.00 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

5. WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the State Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the State Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must

pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law.

6. NON-COLLUSIVE BIDDING CERTIFICATION. In accordance with Section 2878 of the State's Public Authorities Law, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the Corporation a non-collusive bidding certification on Contractor's behalf.

7. INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the State Labor Law and Section 139-h of the State Finance Law, if this contract exceeds $5,000, the Contractor agrees, as a material condition of the contract, that neither the Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the Federal Export Administration Act of 1979 (50 USC App.Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void. The Contractor shall so notify the Corporation within five (5) business days of such conviction, determination or disposition of appeal.

8. SET-OFF RIGHTS. The Corporation shall have the right of set-off. This right shall include, but not be limited to, the Corporation's option to withhold for the purposes of set-off any moneys due to the Contractor under the contract up to any amounts due and owing to the Corporation or the State with regard to this contract or any other contract with the Corporation, including any contract for a term commencing prior to the term of this contract.

9. RECORDS. The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, the "Records). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller and any other person or entity authorized by the Corporation to conduct an examination shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspecting, auditing and copying. The Corporation shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the State's Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate Corporation official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the Corporation's right to discovery in any pending or future litigation.

10. IDENTIFYING INFORMATION AND PRIVACY NOTIFICATION.

(a) FEDERAL EMPLOYER IDENTIFICATION NUMBER and/or FEDERAL SOCIAL SECURITY NUMBER

All invoices or vouchers submitted to the Corporation for payment for the sale of goods or services or the lease of real or personal property to the Corporation must include the payee's identification number, i.e., the seller's or lessor's identification number. The number is either the payee's Federal employer identification number or Federal social security number, or both such numbers when the payee has both such numbers. Failure to include this number or numbers may delay payment. Where the payee does not have such number or numbers, the payee, on his invoice or voucher, must give the reason or reasons why the payee does not have such number or numbers.

(b) PRIVACY NOTIFICATION.

The authority for the Corporation to request the above personal information from a seller of goods or services or a lessor of real or personal property, and the authority to maintain such information, is found in Section 5

of the State Tax Law. Disclosure of this information by the seller or lessor to the Corporation is mandatory. The principal purpose for which the information is collected is to enable the Corporation or the State to identify individuals, businesses and others who have been delinquent in filing tax returns or may have understated their tax liabilities and to generally identify persons affected by the taxes administered by the Commissioner of Taxation and Finance. The information will be used for tax administration purposes and for any other purpose authorized by law.

11. EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN

The Corporation has determined that it will require all contractors to adhere to the provisions of Article 15-A of the State's Executive Law. In accordance with Section 312 of the State's Executive Law, if this contract is: (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of $25,000.00, whereby the Corporation is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the Corporation; or (ii) a written agreement in excess of $100,000.00 whereby the Corporation is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon; or (iii) a written agreement in excess of $100,000.00 whereby the owner of a State assisted housing project is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon for such project, then:

(a) The Contractor will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation;

(b) at the request of the Corporation, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of the contractor's obligations herein; and

(c) the Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the Corporation's contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

Contractor will include the provisions of "a", "b" and "c", above in every subcontract over $25,000.00 for the construction, demolition, replacement, major repair, renovations, planning or design of real property and improvements thereon ( the "Work") except where the Work is for the beneficial use of the Contractor. Section 312 does not apply to: (i) work, goods or services unrelated to this contract; or (ii) employment outside New York State; or (iii) banking services, insurance policies or the sale of securities. The Corporation shall consider compliance by a contractor or subcontractor with the requirements of any federal law concerning equal employment opportunity which effectuates the purpose of this section. The Corporation shall

determine whether the imposition of the requirements of the provisions hereof duplicate or conflict with any such federal law and if such duplication or conflict exists, the Corporation shall waive the applicability of Section 312 to the extent of such duplication or conflict. Contractor will comply with all duly promulgated and lawful rules and regulations of the Governor's Office of Minority and Women's Business Development pertaining hereto.

12. CONFLICTING TERMS. In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix I, the terms of this Appendix I shall control.

13. GOVERNING LAW. This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

14. LATE PAYMENT. Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Section 2880 of the Public Authorities Law and the rules and regulations promulgated by the Corporation pursuant thereto.

15. NO ARBITRATION. Disputes involving this contract, including the breach or alleged breach thereof, may not be submitted to binding arbitration (except where statutorily authorized) but must, instead, be heard in a court of competent jurisdiction of the State of New York.

16. SERVICE OF PROCESS. In addition to the methods of service allowed by the State Civil Practice Law & Rules ("CPLR"), Contractor hereby consents to service of process upon it by registered or certified mail, return receipt requested. Service hereunder shall be complete upon Contractor's actual receipt of process or upon the Corporation's receipt of the return thereof by the United States Postal Service as refused or undeliverable. Contractor must promptly notify the Corporation, in writing, of each and every change of address to which service of process can be made. Service by the Corporation to the last known address shall be sufficient. Contractor will have thirty (30) calendar days after service hereunder is complete in which to respond.

17. MACBRIDE FAIR EMPLOYMENT PRINCIPLES. In accordance with the MacBride Fair Employment Principles (Chapter 807 of the Laws of 1992), the Contractor hereby stipulates that the Contractor either (a) has no business operations in Northern Ireland, or (b) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Section 165 of the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

18. OMNIBUS PROCUREMENT ACT OF 1992. It is the policy of the Corporation to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts.

Information on the availability of New York State subcontractors and suppliers is available from:

Department of Economic Development
Division for Small Business
30 South Pearl Street
Albany, NY 12245
Tel. 518-292-5220

A directory of certified minority and women-owned business enterprises is available from:

Department of Economic Development
Minority and Women-owned Business Division
30 South Pearl Street
Albany, NY 12245
http://www.empire.state.ny.us

The Omnibus Procurement Act of 1992 requires that by signing this bid proposal or contract, as applicable, Contractors certify that whenever the total bid amount is greater than $1 million:

(a) The Contractor has made reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and women-owned business enterprises, on this project, and has retained the documentation of these efforts to be provided on request to the Corporation;

(b) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended:

(c) The Contractor agrees to make reasonable efforts to provide notification to New York State residents of employment opportunities on this project through listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The Contractor agrees to document these efforts and to provide said documents to the Corporation upon request; and

(d) The Contractor acknowledges notice that the Corporation may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the Corporation in these efforts.

19. RECIPROCITY AND SANCTIONS PROVISIONS. Bidders are hereby notified that if their principal place of business is located in a state that penalizes New York State vendors, and if the goods or services they offer will be substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 amendments (Chapter 684, Laws of 1994) require that they be denied contracts which they would otherwise obtain. Contact the NYS Empire State Development for a current list of states subject to this provision [Note: as of October, 1998, South Carolina, Alaska, West Virginia, Montana, Wyoming, Louisiana and Hawaii were the states subject to this provision].

20. LIABILITY. Contractor shall be responsible for all damage to life and properties due to negligent or otherwise tortuous acts, errors or omissions of Contractor, in connection with their services under this contract. Further, it is expressly understood that Contractor shall indemnify and save harmless the Corporation, its officers and employees and/or the State of New York, its officers and employees, as their interests may appear, from claims, suits, actions, damages, and costs of every name and description resulting from the negligent performance of the services of Contractor under this contract, and such indemnity shall not be limited by reasons of enumeration of any insurance coverage herein provided.

21. OBSERVATION OF LAWS. The Contractor agrees to observe all Federal, State and local laws and regulations, whether or not referred to in this Contract or this Appendix I, and the procure all necessary licenses and permits.

22. COOPERATION IN INVESTIGATIONS. In accordance with Public Authorities Law Section 2875, upon refusal of certain persons to waive immunity from subsequent criminal prosecution in connection with certain types of investigations, this Contract may be terminated and the Contractor may be disqualified for future contracts with public authorities.

23. INDEPENDENT CONTRACTOR STATUS. The relationship of the Contractor to the Corporation is that of an independent contractor and the officers and employees of the Contractor shall conduct themselves in a manner consistent with such status, shall neither hold themselves out as nor claim to be officers, employees or agents of the Corporation by reason hereof, and shall not make any claim, demand or application to or ford any right of the Corporation, including but not limited to, Workers' Compensation coverage, unemployment insurance benefits, Social Security coverage or retirement membership credit.

24. ENTIRE AGREEMENT. This contract, together with this Appendix I, constitutes the entire understanding between the parties and there are no other oral or extrinsic understanding of any kind between the parties. This contract may not be changed or modified in any manner except by a subsequent writing, duly executed by the parties thereto.