

**SUBMITTAL TO THE BOARD OF SUPERVISORS,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



527

FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
October 17, 2011

SUBJECT: Series 2008 Leasehold Revenue Refunding Bonds (Southwest Justice Center Refunding) Interest Rate Swap Novation.

RECOMMENDED MOTION: That the Board of Supervisors approve Resolution No. 2011-269, authorizing and approving an interest rate swap novation and the execution and delivery of a supplemental indenture of trust in connection therewith relating to the County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) and approving other matters related thereto.

BACKGROUND: In May 2000 the Series 2000B (Southwest Justice Center Project) Lease Revenue Bonds were issued to fund the Southwest Justice Center Project (SWJC) and refunded in November 2008.

In connection with the issuance of the 2008 refunding bonds, the Corporation entered into an Amended and Restated ISDA Master Agreement, dated as of December 10, 2008, with Citigroup Financial Products Inc. ("Citigroup"). The Corporation made payments to Citigroup based on a fixed interest rate and Citigroup made payments to the Corporation based on a floating interest rate (the "Citigroup Swap") to hedge the Corporation's interest rate risk with respect to the Bonds.

Citigroup now desires to transfer its rights and obligations under the Citigroup Swap to Wells Fargo Bank, N.A. ("Wells Fargo") pursuant to a Novation Confirmation.



 Stephanie Persi, Associate Management Analyst

(Continued on page 2)

FORM APPROVED COUNTY COUNSEL

BY: DALE A. GARDNER DATE: 10/17/11

Departmental Concurrence

| | | | | |
|-----------------------|-------------------------------|--------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ N/A | In Current Year Budget: | N/A |
| | Current F.Y. Net County Cost: | \$ N/A | Budget Adjustment: | N/A |
| | Annual Net County Cost: | \$ N/A | For Fiscal Year: | 2011/12 |

| | | |
|---------------------------------------|---|--------------------------|
| SOURCE OF FUNDS: Lease Revenue | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: APPROVE


BY: 
County Executive Office Signature Christopher M. Hans

- Dept't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
 Nays: None
 Absent: None
 Date: October 25, 2011
 xc: EO, Corporation

Kecia Harper-Ihem
 Clerk of the Board
 By: 
 Deputy

The County and the Corporation propose to enter into a First Supplemental Indenture of Trust, dated as of October 1, 2011, by and among the County, the Corporation and the Trustee, which amends the Indenture to clarify the continuation of the rights of the Insurer and the Swap Counterparty in connection with the Swap Transaction.

Some provisions of the Wells Fargo Swap are inconsistent with County's Debt Management Policy (the "Debt Policy"); for example, the Debt Policy with respect to interest rate swaps provides that (i) the County may only enter into swap agreements with counterparties rated AAA by at least one rating agency, (ii) the County will not provide collateral to secure its obligations under swap agreements, and (iii) if the credit rating of the counterparty falls below AAA by any rating agency, the counterparty shall post collateral equaling at least 102% of the swap amount (collectively, the "Debt Policy Swap Provisions").

At the time the Debt Policy, with respect to interest rate swaps, was adopted there were many financial institutions with credit ratings of AAA, but today there are very few, if any, financial institutions with credit ratings of AAA. Wells Fargo's rating is AA from Standard & Poor's and Aa3 from Moody's. It was also customary to require swap counterparties to post collateral if their credit rating fell below AAA, but today it is market practice to require collateral only if the swap counterparty's credit rating falls to a much lower level. In the Wells Fargo Swap, Wells Fargo must post collateral if its credit rating falls to BBB- from Standard & Poor's or Baa3 from Moody's in amounts ranging from 100% to 105% (depending on the form and maturity of the collateral) of the amount by which the mark to market value of the swap favors the County. Under the Wells Fargo Swap the County is not obligated to post collateral under any circumstances, but the County has the option of posting collateral if it wishes to avoid a termination of the Wells Fargo Swap if the Insurer defaults, becomes insolvent or fails to maintain a credit rating of at least A- from Standard & Poor's or A3 from Moody's, or if the swap insurance policy is held to be invalid.

It is in the best interest of the County and the Corporation to approve the Swap Transaction as such would reduce the amount and duration of the interest rate risk with respect to the Bonds.

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RESOLUTION NO. 2011-269

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING AN INTEREST RATE SWAP NOVATION AND THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE OF TRUST IN CONNECTION THEREWITH RELATING TO THE COUNTY OF RIVERSIDE ASSET LEASING CORPORATION VARIABLE RATE DEMAND LEASEHOLD REVENUE REFUNDING BONDS, SERIES 2008A (SOUTHWEST JUSTICE CENTER REFUNDING) AND APPROVING OTHER MATTERS RELATED THERETO

WHEREAS, the County of Riverside Asset Leasing Corporation (the "Corporation") previously issued its \$78,895,000 County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) (the "Bonds") for the benefit of the County of Riverside (the "County") pursuant to an Indenture of Trust, dated as of December 1, 2008 (the "Indenture"), by and among the Corporation, the County and U.S. Bank National Association, as Trustee (the "Trustee");

WHEREAS, in connection with the issuance of the Bonds, the Corporation entered into an Amended and Restated ISDA Master Agreement, dated as of December 10, 2008, with Citigroup Financial Products Inc. ("Citigroup") pursuant to which the Corporation made payments to Citigroup based on a fixed interest rate and Citigroup made payments to the Corporation based on a floating interest rate (the "Citigroup Swap") to hedge the Corporation's interest rate risk with respect to the Bonds;

WHEREAS, the Corporation's payment obligations under the Citigroup Swap are insured by Assured Guaranty Corp. (the "Insurer");

WHEREAS, Citigroup desires to transfer its rights and obligations under the Citigroup Swap to Wells Fargo Bank, N.A. ("Wells Fargo") pursuant to a Novation Confirmation, by and among Citigroup, Wells Fargo and the Corporation (the "Novation"), to substitute Wells Fargo in place of Citigroup as the new swap counterparty (thereafter, the "Wells Fargo Swap," and together with the Novation, the "Swap Transaction"). Citigroup and Wells Fargo are jointly referred to herein as the "Swap Counterparty";

FORM APPROVED COUNTY COUNSEL
BY *Nickie G. Gardner* 10/17/11
DALE A. GARDNER DATE

1 WHEREAS, the Indenture provides certain rights to the Swap Counterparty and the Insurer
2 and in order to assure such rights continue with respect to the Wells Fargo Swap, it is necessary to
3 amend certain definitions in the Indenture;

4 WHEREAS, Section 1501 of the Indenture provides that the Indenture may be amended by a
5 Supplemental Indenture without the consent of the owners of the Bonds to (i) cure any ambiguity,
6 supply any omission, or cure or correct any defect or inconsistent provision in the Indenture and/or
7 (ii) insert such provisions clarifying matters or questions arising under the Indenture as are necessary
8 or desirable and are not contrary to or inconsistent with the Indenture;

9 WHEREAS, the County and the Corporation propose to enter into a First Supplemental
10 Indenture of Trust, dated as of October 1, 2011 (the "Supplemental Indenture"), by and among the
11 County, the Corporation and the Trustee, which amends the Indenture to clarify the continuation of
12 the rights of the Insurer and the Swap Counterparty in connection with the Swap Transaction;

13 WHEREAS, some provisions of the Wells Fargo Swap are inconsistent with County's Debt
14 Management Policy (the "Debt Policy"); for example, the Debt Policy with respect to interest rate
15 swaps provides that (i) the County may only enter into swap agreements with counterparties rated
16 AAA by at least one rating agency, (ii) the County will not provide collateral to secure its obligations
17 under swap agreements, and (iii) if the credit rating of the counterparty falls below AAA by any
18 rating agency, the counterparty shall post collateral equaling at least 102% of the swap amount
(collectively, the "Debt Policy Swap Provisions");

19 WHEREAS, at the time the Debt Policy with respect to interest rate swaps was adopted
20 there were many financial institutions with credit ratings of AAA, but today there are very few, if any,
21 financial institutions with credit ratings of AAA; Wells Fargo's rating is AA from Standard & Poor's
22 and Aa3 from Moody's;

23 WHEREAS, at the time the Debt Policy with respect to interest rate swaps was adopted it
24 was customary to require swap counterparties to post collateral if their credit rating fell below AAA,
25 but today it is market practice to require collateral only if the swap counterparty's credit rating falls to
26 a much lower level; in the Wells Fargo Swap, Wells Fargo must post collateral if its credit rating falls
27 to BBB- from Standard & Poor's or Baa3 from Moody's in amounts ranging from 100% to 105%

1 (depending on the form and maturity of the collateral) of the amount by which the mark to market
2 value of the swap favors the County;

3 WHEREAS, under the Wells Fargo Swap the County is not obligated to post collateral
4 under any circumstances, but the County has the option of posting collateral if it wishes to avoid a
5 termination of the Wells Fargo Swap if the Insurer defaults, becomes insolvent or fails to maintain a
6 credit rating of at least A- from Standard & Poor's or A3 from Moody's, or if the swap insurance
7 policy is held to be invalid;

8 WHEREAS, under current economic and market conditions, it is not feasible to comply with
9 the Debt Policy Swap Provisions in connection with any swap agreements;

10 WHEREAS, the County deems it in its and the Corporation's best interest to effectuate the
11 Swap Transaction as such would reduce the amount and duration of the interest rate risk to the
12 Corporation and the County with respect to the Bonds; and

13 WHEREAS, the County is authorized to undertake all of the above pursuant to the laws of
14 the State of California.

15 NOW, THEREFORE, the Board of Supervisors of the County of Riverside (the "Board")
16 does hereby resolve, determine and order as follows:

17 Section 1. The Board hereby finds that the above foregoing recitals are true and correct.

18 Section 2. The Board hereby approves of and consents to the Swap Transaction. The Board
19 acknowledges that certain terms of the Wells Fargo Swap deviate from the Debt Policy for interest
20 rate swaps and hereby grants an exception to such policy to the extent of such discrepancies.

21 Section 3. The proposed form of the Novation, in substantially the form on file with the
22 Clerk of the Board, is hereby approved. The appropriate officers of the Corporation are hereby
23 authorized and requested to execute and deliver the Novation in substantially the form on file with the
24 Clerk of the Board, with such changes therein as such Corporation officer executing and delivering
25 such documents may require or approve, such requirement or approval to be conclusively evidenced
26 by the execution and delivery thereof.
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1 Section 4. The proposed forms of ISDA Master Agreement (which includes the Schedule
2 and Credit Support Annex thereto) and the Confirmation, each by and between the Corporation and
3 Wells Fargo (collectively, the “Wells Fargo Swap Documents”), in substantially the forms on file
4 with the Clerk of the Board, are hereby approved. The appropriate officers of the Corporation are
5 hereby authorized and requested to execute and deliver the Wells Fargo Swap Documents in
6 substantially the forms on file with the Clerk of the Board, with such changes therein as such
7 Corporation Officer executing and delivering such documents may require or approve, such
8 requirement or approval to be conclusively evidenced by the execution and delivery thereof.

9 Section 5. The proposed form of the Supplemental Indenture, in substantially the form on
10 file with the Clerk of the Board, is hereby approved. The County Executive Officer, the County
11 Finance Director, the County Deputy Executive Officer and any other authorized officers of the
12 County acting on behalf of the County Executive Officer (each an “Authorized Representative” and
13 collectively, the “Authorized Representatives”) are, and each of them acting alone is, hereby
14 authorized and directed, for and in the name of and on behalf of the County, to execute and deliver
15 the Supplemental Indenture in substantially the form on file with the Clerk of the Board, with such
16 changes therein as such Authorized Representative executing and delivering such document may
17 require or approve, such requirement or approval to be conclusively evidenced by the execution and
18 delivery thereof.

19 Section 6. All actions heretofore taken by any officer of the County with respect to the
20 Swap Transaction or the exemption from the Debt Policy Swap Provisions, or in connection with or
21 related to any of the agreements referred to herein, are hereby approved, confirmed and ratified.

22 Section 7. The Authorized Representatives are, and each of them acting alone is, authorized
23 and directed to take any and all such actions, and to execute any and all such documents as may be
24 necessary or desirable to effectuate the purposes of this Resolution.

25 Section 8. The Clerk of the Board shall certify to the passage of this Resolution, shall
26 transmit a copy hereof to the Corporation, and shall cause the action of the Board of Supervisors in
27 adopting the same to be entered in the official minutes of this Board of Supervisors.
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PASSED and ADOPTED by the Board of Supervisors of the County of Riverside on the
25th day of October, 2011.

ROLL CALL:

Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
Nays: None
Absent: None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

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CERTIFICATE OF CLERK

I, Kecia Harper-Ihem Clerk of the Board of Supervisors of the County of Riverside, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of the County of Riverside duly and regularly held at the regular meeting place thereof on October 25, 2011, of which meeting all of the members of said Board had due notice.

AYES: Supervisors Buster, Tavaglione, Stone, Benoit and Ashley


NAYS: Supervisors None

ABSENT: Supervisors None

I do hereby further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I do hereby further certify that an agenda for said meeting was posted at least seventy-two (72) hours before said meeting at 4080 Lemon Street, Riverside, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

WITNESS my hand and the seal of the County of Riverside this 25th day of October, 2011.


Clerk of the Board of Supervisors
Kecia Harper-Ihem

[SEAL]

FIRST SUPPLEMENTAL INDENTURE OF TRUST

Dated as of

October 1, 2011

Supplementing the
INDENTURE OF TRUST

Dated as of

December 1, 2008

By and Among

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

and

COUNTY OF RIVERSIDE

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

RELATING TO THE COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
VARIABLE RATE DEMAND LEASEHOLD REVENUE
REFUNDING BOND SERIES 2008A
(SOUTHWEST JUSTICE CENTER REFUNDING)

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE is made and entered into as of October 1, 2011 (the "Supplemental Indenture"), by and among the County of Riverside Asset Leasing Corporation (the "Corporation"), a nonprofit public benefit corporation established under the laws of the State of California, the County of Riverside (the "County"), a political subdivision of the State of California, and U.S. Bank National Association, a banking association duly organized and existing by virtue of the laws of the United States of America, as trustee (the "Trustee") and modifies and amends the Indenture of Trust, dated as of December 1, 2008 (the "Master Indenture," and as amended, the "Indenture"), by and among the Corporation, the County and the Trustee.

WITNESSETH:

WHEREAS, the Corporation has issued \$78,895,000 County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) (the "2008A Bonds");

WHEREAS, in connection with the issuance of the 2008A Bonds, the Corporation entered into an Amended and Restated ISDA Master Agreement, dated as of December 10, 2008, with Citigroup Financial Products Inc. ("Citigroup") pursuant to which the Corporation made payments to Citigroup based on a fixed interest rate and Citigroup made payments to the Corporation based on a floating interest rate (the "Citigroup Swap") to hedge the Corporation's interest rate risk with respect to the 2008A Bonds;

WHEREAS, the Corporation's payment obligations under the Citigroup Swap are insured by Assured Guaranty Corp. (the "Bond Insurer");

WHEREAS, Citigroup desires to transfer its rights and obligations under the Citigroup Swap to Wells Fargo Bank, N.A. ("Wells Fargo") pursuant to a Novation Confirmation, by and among Citigroup, Wells Fargo and the Corporation (the "Novation"), to substitute Wells Fargo in place of Citigroup as the new swap counterparty (thereafter, the "Wells Fargo Swap," and together with the Novation, the "Swap Transaction"). Citigroup and Wells Fargo are jointly referred to herein as the "Swap Counterparty";

WHEREAS, pursuant to Section 1501 of the Master Indenture, at any time, or from time to time, a Supplemental Indenture may be adopted and entered into by the Corporation with the County and the Trustee without the consent of any Bond Owners, in order to (i) cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture and/or (ii) insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture;

WHEREAS, the County, the Corporation and the Trustee agreed to hereby amend the Master Indenture to clarify the continuation of the rights of the Bond Insurer and the Swap Counterparty in connection with the Swap Transaction;

WHEREAS, all acts and things required by law and by the Articles of Incorporation and Bylaws of the Corporation necessary to constitute this Supplemental Indenture a valid and

binding trust instrument have been done and performed and the execution and delivery of this Supplemental Indenture have been in all respects duly authorized;

WHEREAS, the execution and delivery of this Supplemental Indenture have been duly approved and authorized by resolutions of the Board of Directors of the Corporation and the Board of Supervisors of the County; and

WHEREAS, the Trustee has accepted the trust created and established by the Master Indenture and this Supplemental Indenture and in evidence thereof has joined in the execution thereof and hereof.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in order to provide for certain modifications and amendments to the Master Indenture, and in order to secure the performance and observance of all covenants, agreements and conditions therein contained, the Corporation, the County and the Trustee agree as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY FOR SUPPLEMENTAL INDENTURE

Section 1.01 Definitions. Capitalized terms used in this Supplemental Indenture shall have the meanings ascribed to them in the Master Indenture unless otherwise defined herein. All references to the "Indenture" in the Site Lease and Facilities Lease shall mean Master Indenture, as from time to time amended or supplemented in accordance with its terms.

Section 1.02 Amendment to Section 101 of the Indenture. Section 101 of the Indenture shall be amended and supplemented by deleting the definitions of "Qualified Swap," "Qualified Swap Provider," and "Swap Surety Bond" in their entirety and substituting the following definitions therefor:

"Qualified Swap" shall mean (a) the Amended and Restated ISDA Master Agreement (including the Schedule and Credit Support Annex thereto), dated as of December 10, 2008, between the Corporation and Citigroup Financial Products Inc. and the Amended and Restated Confirmation thereunder dated December 10, 2008 between the Corporation and Citigroup Financial Products Inc. (the "Citigroup Swap"), (b) the ISDA Master Agreement (including the Schedule and Credit Support Annex thereto), dated as of _____, 2011, between the Corporation and Wells Fargo Bank, N.A. and the Confirmation thereunder dated _____, 2011 between the Corporation and Wells Fargo Bank, N.A. (the "Wells Fargo Swap"), and (c) upon the modification, amendment, novation, or termination and payment of amounts due under the Citigroup Swap or the Wells Fargo Swap, or in connection with the issuance of Additional Bonds or Refunding Bonds any other financial arrangement (i) that is entered into by the Corporation with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the Corporation shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to all or a portion of the principal amount of the 2008A Bonds Outstanding or of Additional Bonds, and that such entity shall pay to the Corporation an amount based on the interest accruing on such principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the

same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Corporation as a Qualified Swap with respect to the Bonds.

“Qualified Swap Provider” shall mean (a) with respect to the Qualified Swap referred to in clause (a) of the definition of Qualified Swap, Citigroup Financial Products Inc., (b) with respect to the Qualified Swap referred to in clause (b) of the definition of Qualified Swap, Wells Fargo Bank, N.A., and (c) with respect to a Qualified Swap referred to in clause (c) of such definition, a financial institution (i) whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated (at the time the subject Qualified Swap is entered into) at least as high as A3 by Moody’s and A- by S&P, or the equivalent thereof by any successor thereto and (ii) who is approved by the Bond Insurer (such approval not to be unreasonably withheld).

“Swap Surety Bond” shall mean the financial guaranty insurance policy issued by the Bond Insurer with respect to any Qualified Swap insured by the Bond Insurer.

Section 1.03 Authority for this Supplemental Indenture. This Supplemental Indenture is executed by the Corporation pursuant to authority contained in its Articles of Incorporation and Bylaws. The Corporation is executing this Supplemental Indenture to effectuate the Swap Transaction.

Section 1.04 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

ARTICLE II MISCELLANEOUS

Section 2.01 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Supplemental Indenture on the part of the Corporation or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed several from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Indenture.

Section 2.02 Validity of Multiple Copies. This Supplemental Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

Section 2.03 Headings Not Binding. The headings in this Supplemental Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Supplemental Indenture.

Section 2.04 Governing Law. This Supplemental Indenture shall be interpreted, governed by and construed under the laws of the State of California as if executed and to be

performed wholly within the State of California, subject to any more specific provisions contained in the Master Indenture or herein.

Section 2.05 Master Indenture. As hereby supplemental and amended, the Master Indenture is in all respects ratified and confirmed, and the Master Indenture, including this Supplemental Indenture, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Master Indenture shall apply with full force and effect to the Bonds and to the owners thereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporation has caused this Supplemental Indenture to be executed by its President and Assistant Secretary and its corporate seal affixed, the County has caused this Supplemental Indenture to be executed by its Chairman of the Board of Supervisors and attested by the Clerk of the Board of Supervisors and its seal affixed, and the Trustee has caused this Supplemental Indenture to be executed by its duly authorized officer, all as of the day and year first above written.

COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION

By _____
President

By _____
Assistant Secretary

[SEAL]

COUNTY OF RIVERSIDE

By _____
Chairman of the
Board of Supervisors

ATTEST:

By _____
Clerk of the Board of Supervisors

[SEAL]

U.S. Bank National Association
as Trustee

By _____
Authorized Officer

Citigroup Financial Products Inc.
390 Greenwich Street, 2nd Floor
New York, NY 10013



July __, 2011

Novation Confirmation

Wells Fargo Bank, N.A.
550 California Street, 12th Floor
MAC A0112-121
San Francisco, California 94104
Facsimile No.: (415) 986-2604
Attention: Derivatives Documentation Manager

County of Riverside Asset Leasing Corporation
County Administrative Center
4080 Lemon Street, 12th Floor
Riverside, CA 92501
Attention: Dean Deines
Facsimile: (909) 955-1105
Telephone: (909) 955-1127

Ladies and Gentlemen:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the 2006 ISDA Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation will govern.

2. The terms of the Novation Transaction to which this Novation Confirmation relates are as follows:

| | |
|---|--|
| Novation Trade Date: | July __, 2011 |
| Novation Date: | July __, 2011 |
| Novated Amount: | USD 76,300,000 |
| Transferor: | Citigroup Financial Products Inc. (formerly known as Salomon Brothers Holding Company Inc) |
| Transferee: | Wells Fargo Bank, N.A. |
| Remaining Party: | County of Riverside Asset Leasing Corporation |
| New Agreement (between Transferee and Remaining Party): | ISDA Master Agreement dated as of July __, 2011 |

3. The terms of the Old Transaction (as amended and restated as of December 10, 2008) to which this Novation Confirmation relates, for identification purposes, are as follows:

Notional Amount of Old Transaction: USD 76,300,000
Trade Date of Old Transaction: May 18, 2000
Effective Date of Old Transaction: May 24, 2000
Termination Date of Old Transaction: November 1, 2032

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in the New Confirmation attached hereto as Exhibit A.

First Full Calculation Period: Applicable, commencing on _____, 2011.

5. **Miscellaneous Provisions.**

Non-Reliance: Applicable. In connection with this Novation Confirmation and the Novation Transaction, the Remaining Party agrees that (a) the Transferor and the Transferee are acting and have acted solely as a principal and not as an agent, advisor or fiduciary of the Remaining Party, (b) the Transferor and the Transferee have not assumed a fiduciary responsibility in favor of the Remaining Party with respect to this Novation Confirmation or the Novation Transaction and (c) nothing in this Novation Confirmation or in any prior relationship between the Transferor or the Transferee and the Remaining Party will be deemed to create an advisory, fiduciary or agency relationship between the Transferor or the Transferee and the Remaining Party in respect of this Novation Transaction (whether or not the Transferor or the Transferee, or any affiliate of the Transferor or the Transferee, has provided or is currently providing other services to the Remaining Party on related or other matters). In addition, the Remaining Party acknowledges that it has (i) determined, without reliance upon the Transferor or the Transferee or any of their affiliates, the financial and economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of this Novation Transaction and it is capable of assuming such risks; (ii) consulted with its own legal, tax, accounting and financial advisors to determine whether the Novation Transaction set forth in this Novation Confirmation is in its best interest and made an independent analysis and decision to enter into the Novation Transaction based on such advice and (iii) retained Fieldman, Rolapp & Associates as its financial advisor and has relied on Fieldman, Rolapp & Associates to provide advice to it with respect to the Novation Transaction, including without limitation advice with respect to the structure, timing, terms and other similar matters concerning the Novation Transaction.

6. ***Documents to be Delivered.***

(a) The following documents shall be delivered by the Remaining Party to the Transferor and the Transferee promptly upon execution of this Novation Confirmation:

- (i) an opinion of counsel to the Remaining Party with respect to the enforceability of this Novation Confirmation against the Remaining Party;
- (ii) evidence reasonably satisfactory to the Transferor and the Transferee of (i) the authority of the Remaining Party to enter into this Novation Confirmation and (ii) the authority and genuine signature of the individual signing this Novation Confirmation on behalf of the Remaining Party to execute the same; and
- (iii) a certified copy of the resolution or resolutions (or the equivalent thereof) of the governing body of the Remaining Party, certified by an appropriate official of the Remaining Party, pursuant to which the Remaining Party is authorized to enter into this Novation Confirmation.

(b) The following documents shall be delivered by the Transferor to the Remaining Party and the Transferee promptly upon execution of this Novation Confirmation:

- (i) an opinion of counsel to the Transferor with respect to the enforceability of this Novation Confirmation against the Transferor.

(c) The following documents shall be delivered by the Transferee to the Transferor and the Remaining Party promptly upon execution of this Novation Confirmation:

- (i) an opinion of counsel to the Transferee with respect to the enforceability of this Novation Confirmation against the Transferee.

7. **Novation Payment.** The Transferor and Transferee have agreed that the Transferee would pay \$_____ (the "Novation Payment") to the Transferor in respect of this Novation Confirmation. However, on the date hereof, the Transferor and the Transferee have entered into a hedging transaction (the "Hedging Transaction") in respect of the New Transaction and the Transferor and the Transferee have agreed that, in full consideration of this Novation Confirmation and the Hedging Transaction, and in lieu of payment by the Transferee to the Transferor of the Novation Payment, the Transferor shall pay \$_____ to the Transferee.

8. **Fee.** The Remaining Party acknowledges that, at its direction, the Transferor shall pay \$_____ to Nixon Peabody LLP on July __, 2011, on behalf of the Remaining Party, in connection with this Transaction.

If you have any questions regarding this Confirmation, please contact the Swap Operations Department in New York at 212-723-6320.

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Yours sincerely,

CITIGROUP FINANCIAL PRODUCTS INC.

By: _____

Name:

Title:

Confirmed as of the
date first above written:

WELLS FARGO BANK, N.A.

By: _____

Name:

Title:

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

By: _____

Name:

Title:

Consented to:

ASSURED GUARANTY CORP.

By: _____

Name:

Title:

Exhibit A

REF: N19036

DM_US 29271126-1.071371.0496



DC/D8567255-1/Confirm



DRAFT

SWAP TRANSACTION CONFIRMATION

To: County of Riverside Asset Leasing Corporation ("Counterparty")
Attention: Sir or Madam
Telephone: 909-955-1147
Fax: 909-955-1105

From: Wells Fargo Bank, N.A. ("Wells Fargo")
Telephone: (704) 383-4599
Fax: (704) 383-9139
Email: inboundconfirms@wellsfargo.com

Ref. No: 8567255

Date: TBD

Dear Sir or Madam:

This confirms the terms of the Transaction described below between Counterparty and Wells Fargo. The definitions and provisions contained in the 2006 ISDA 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 and this Confirmation, this Confirmation will govern. Fixed Amounts and Floating Amounts for each applicable Payment Date hereunder will be calculated in accordance with the ISDA Definitions, and if any Fixed Amount and Floating Amount are due for the same Payment Date hereunder, then those amounts shall not be payable and instead the Fixed Rate Payer shall pay the positive difference, if any, between the Fixed Amount and the Floating Amount, and the Floating Rate Payer shall pay the positive difference, if any, between the Floating Amount and the Fixed Amount.

1. The terms of the particular Transaction to which the Confirmation relates are as follows:

Transaction Type: Interest Rate Swap
Currency for Payments: U.S. Dollars
Notional Amount: For a Calculation Period, the amount set forth opposite that Calculation Period on Attachment I hereto

Term:
Trade Date: TBD
Effective Date: TBD
Termination Date: November 01, 2032

Fixed Amounts:

Fixed Rate Payer: Counterparty
Period End Dates: Monthly on the 1st Wednesday of each month commencing [September 7], 2011, through and including the Termination Date; No Adjustment.
Payment Dates: Monthly on the 1st Wednesday of each month commencing [September 7],

Business Day Convention: 2011, through and including the Termination Date
Following
Business Day: New York
Fixed Rate: 5.155%
Fixed Rate Day Count Fraction: 30/360

Floating Amounts:

Floating Rate Payer: Wells Fargo
Period End Dates: Monthly on the 1st Wednesday of each month commencing [September 7],
2011, through and including the Termination Date; No Adjustment.
Payment Dates: Monthly on the 1st Wednesday of each month commencing [September 7],
2011, through and including the Termination Date
Business Day Convention: Following
Business Day: New York
Floating Rate Option: 64% of USD-LIBOR-BBA, provided that for purposes of this Transaction the
definition of USD-LIBOR-BBA appearing in the ISDA Definition, is amended
by replacing the words "the day that is two London Banking Days preceding"
with the words "the day that is one London Banking Day preceding". This
means that USD-LIBOR-BBA for any Reset Date will be set one London
Banking Day prior to that Reset Date rather than two London Banking Days
prior to that Reset Date.
Designated Maturity: 1 Month
Spread: None
Floating Rate Day Count Fraction: Actual/360
Reset Dates: Weekly on Wednesday
Method of Averaging: Weighted Average
Compounding: Inapplicable
Rounding convention: 5 decimal places per the ISDA Definitions.

2. The additional provisions of this Confirmation are as follows:

Calculation Agent: As set forth in and pursuant to the ISDA Master Agreement
Payment Instructions: Wells Fargo Bank, NA (San Francisco)
CIB Group, ABA 121000248
Ref: Derivative Desk (Trade No: 8567255)
Account #: 01014890064228
Wells Fargo Contacts: Settlement and/or Rate Resets:
1-800-249-3865
1-704-410-8511

Documentation:
Tel: (704) 383-4599
Fax: (704) 383-9139

Collateral:
Tel: (704) 410-8116
Fax: (704) 410-8515
Email: collateral.mgmt@wellsfargo.com

Payments to Counterparty:

Please quote transaction reference number.
Per your standing payment instructions or debit authorization if
provided to Wells Fargo, as relevant. If not provided, please

contact us in order for payment to be made.

Phone: 1-800-249-3865 Fax: 1-704-410-8511

Additional Terms:

3. *Adjustment Event.* In connection with any reduction of the outstanding principal amount of the Related Bonds (as defined below), other than pursuant to Annex I hereof or the cancellation, in whole or in part, of the bond insurance policy issued by Insurer with respect to the Related Bonds, Counterparty shall have the right to reduce the Notional Amount of this Transaction by an amount equal to an amount necessary to make the Notional Amount of this Transaction equal to the remaining outstanding principal amount of the Related Bonds on the date of such reduction of the Related Bonds or the remaining outstanding principal amount of the Related Bonds which will remain insured by the Insurer (the "Adjustment Event Date") by providing (i) at least thirty (30) days' prior written notice (the "Adjustment Event Notice"), prior to the Adjustment Event Date, to Wells Fargo and Insurer of its election to terminate such portion of this Transaction and (ii) evidence satisfactory to Wells Fargo and Insurer that Counterparty (A) has (or will have on the Adjustment Event Date) sufficient funds available to pay any amounts which may be payable by it to Wells Fargo in connection with such early termination of this Transaction (the "Adjustment Payment") and (B) such Adjustment Payment will not cause Counterparty to be in violation, or in default under, the Covered Indenture or the documentation relating to the Related Bonds. On the Adjustment Event Date set forth in the Adjustment Event Notice, an amount, determined by Wells Fargo, shall be payable by Counterparty or Wells Fargo, as the case may be, in respect of such termination. If such amount is not acceptable to Counterparty, then Wells Fargo shall determine such amount in accordance with Section 6 of the Master Agreement, assuming (i) Market Quotation and Second Method apply, (ii) Counterparty is the sole Affected Party (for all purposes other than the election to terminate), (iii) the Adjustment Event Date is the Early Termination Date, (iv) this Transaction (or portion hereof) is the sole Affected Transaction and (v) the Notional Amount for purposes of calculating the Settlement Amount shall be the amount of such reduction. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued amounts that would otherwise be due on the Adjustment Event Date.

Counterparty agrees that it shall not terminate this Transaction pursuant to this Paragraph 3 unless it has or will have on the Adjustment Event Date, sufficient funds available to pay any Adjustment Payment. In the event that either Wells Fargo or Insurer is not satisfied that Counterparty has (or will have on the Adjustment Event Date) sufficient funds available to pay any Adjustment Payment, the Notional Amount of this Transaction shall not be reduced, no portion of this Transaction shall be terminated and the Swap Insurance Policy shall remain in full force and effect in accordance with its terms with respect to the Notional Amount of this Transaction.

"Related Bonds" means the County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds Series 2008A (Southwest Justice Center Refunding).

4. *Reduction of Notional Amount.* Counterparty hereby agrees and covenants to Wells Fargo and Insurer that it shall not redeem, defease, refund, prepay, repurchase or otherwise retire (other than to satisfy any scheduled mandatory sinking fund requirements which do not and will not at any time cause the Notional Amount of this Transaction to exceed the remaining outstanding principal amount of the Related Bonds after such mandatory sinking fund reduction) any portion of the Related Bonds or cancel or permit to be cancelled, in whole or in part, the bond insurance policy issued by Insurer with respect to the Related Bonds, unless either (i) Insurer and Wells Fargo consent in writing to the Notional Amount of this Transaction not being reduced in connection with such a redemption, defeasance, refunding, prepayment, repurchase or other retirement of the Related Bonds or such cancellation of the bond insurance policy or (ii) at the time of such redemption, defeasance, refunding, prepayment, repurchase or other retirement or the cancellation of the bond insurance policy, Counterparty also reduces the Notional Amount of this Transaction in accordance with the terms of Paragraph 3 hereof so that the Notional Amount does not exceed the remaining outstanding

principal amount of the Related Bonds that will remain insured by the Insurer.

5. **[Representation from Counterparty re compliance with the County of Riverside, California, Board of Supervisors Debt Management Policy, Policy Number B-24/any other applicable policy].**

6. **Eligibility.** Each party represents that it is entering into this Transaction in conjunction with a line of business or the financing of its business, or is an "eligible contract participant" within the meaning of the Commodity Exchange Act as in effect prior to July 16, 2011 or an "eligible swap participant" within the meaning of 17 C.F.R. 35.1(b)(2).

7. **Additional Termination Event.** In addition to any Additional Termination Event specified in the Schedule to the ISDA Master Agreement, the following event shall constitute an Additional Termination Event with respect to which Counterparty shall be the sole Affected Party: Upon the failure of Counterparty to deliver the Swap Insurance Policy to Wells Fargo in form and substance reasonably acceptable to Wells Fargo on or prior to [].]

8. *Documents to be Delivered.*

(a) The following documents shall be delivered by Counterparty to Wells Fargo on or prior to the Trade Date hereof:

- (i) an opinion of counsel to Counterparty, in form and substance acceptable to Wells Fargo and Insurer, with respect to the enforceability of this Transaction against Counterparty and confirming the security and source of payment for this Transaction;
- (ii) evidence reasonably satisfactory to Wells Fargo of the (i) authority of Counterparty to enter into this Transaction and (ii) the authority and genuine signature of the individual signing this Confirmation on behalf of Counterparty to execute the same;
- (iii) a certified copy of the resolution or resolutions (or the equivalent thereof) of the governing body of Counterparty, certified by an appropriate official of Counterparty, pursuant to which Counterparty is authorized to enter into this Transaction;
- [(iv) a Swap Insurance Policy with respect to this Transaction;] and
- (v) an opinion of internal counsel to Insurer, in form and substance acceptable to Wells Fargo, with respect to the enforceability of the Swap Insurance Policy against Insurer.

(b) The following document shall be delivered by Wells Fargo to Counterparty on or prior to the Trade Date hereof:

- (i) an opinion of counsel to Wells Fargo in form and substance reasonably acceptable to Counterparty and Insurer with respect to the enforceability of this Transaction against Wells Fargo.

Documentation

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between Wells Fargo and Counterparty dated as of _____, as amended and supplemented from time to time (the "ISDA Master Agreement"). All provisions contained or incorporated by reference in the ISDA Master Agreement will

govern this Confirmation except as expressly modified herein.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Very truly yours,
Wells Fargo Bank, N.A.

Draft Only

By: _____
Name: ***** DRAFT ONLY

Title:

Ref. No. Draft

Accepted and Confirmed as of date first written above:
County of Riverside Asset Leasing Corporation

Draft Only

By: _____
Name:***** DRAFT ONLY *****
Title:*****

ATTACHMENT I
Amortization Schedule for Draft

Calculation Period
(from and including, to
but excluding)

**First Wednesday of Each
Month**

**USD
Notional**

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 8/3/2011 | to | 9/7/2011 | 9/7/2011 | 76,300,000.00 |
| 9/7/2011 | to | 10/5/2011 | 10/5/2011 | 76,300,000.00 |
| 10/5/2011 | to | 11/2/2011 | 11/2/2011 | 76,300,000.00 |
| 11/2/2011 | to | 12/7/2011 | 12/7/2011 | 76,300,000.00 |
| 12/7/2011 | to | 1/4/2012 | 1/4/2012 | 76,300,000.00 |
| 1/4/2012 | to | 2/1/2012 | 2/1/2012 | 76,300,000.00 |
| 2/1/2012 | to | 3/7/2012 | 3/7/2012 | 76,300,000.00 |
| 3/7/2012 | to | 4/4/2012 | 4/4/2012 | 76,300,000.00 |
| 4/4/2012 | to | 5/2/2012 | 5/2/2012 | 76,300,000.00 |
| 5/2/2012 | to | 6/6/2012 | 6/6/2012 | 76,300,000.00 |
| 6/6/2012 | to | 7/5/2012 | 7/5/2012 | 76,300,000.00 |
| 7/5/2012 | to | 8/1/2012 | 8/1/2012 | 76,300,000.00 |
| 8/1/2012 | to | 9/5/2012 | 9/5/2012 | 76,300,000.00 |
| 9/5/2012 | to | 10/3/2012 | 10/3/2012 | 76,300,000.00 |
| 10/3/2012 | to | 11/7/2012 | 11/7/2012 | 76,300,000.00 |
| 11/7/2012 | to | 12/5/2012 | 12/5/2012 | 76,300,000.00 |
| 12/5/2012 | to | 1/2/2013 | 1/2/2013 | 76,300,000.00 |
| 1/2/2013 | to | 2/6/2013 | 2/6/2013 | 76,300,000.00 |
| 2/6/2013 | to | 3/6/2013 | 3/6/2013 | 76,300,000.00 |
| 3/6/2013 | to | 4/3/2013 | 4/3/2013 | 76,300,000.00 |
| 4/3/2013 | to | 5/1/2013 | 5/1/2013 | 76,300,000.00 |
| 5/1/2013 | to | 6/5/2013 | 6/5/2013 | 76,300,000.00 |
| 6/5/2013 | to | 7/3/2013 | 7/3/2013 | 76,300,000.00 |
| 7/3/2013 | to | 8/7/2013 | 8/7/2013 | 76,300,000.00 |
| 8/7/2013 | to | 9/4/2013 | 9/4/2013 | 76,300,000.00 |
| 9/4/2013 | to | 10/2/2013 | 10/2/2013 | 76,300,000.00 |
| 10/2/2013 | to | 11/6/2013 | 11/6/2013 | 76,300,000.00 |
| 11/6/2013 | to | 12/4/2013 | 12/4/2013 | 76,300,000.00 |
| 12/4/2013 | to | 1/2/2014 | 1/2/2014 | 76,300,000.00 |
| 1/2/2014 | to | 2/5/2014 | 2/5/2014 | 76,300,000.00 |
| 2/5/2014 | to | 3/5/2014 | 3/5/2014 | 76,300,000.00 |
| 3/5/2014 | to | 4/2/2014 | 4/2/2014 | 76,300,000.00 |
| 4/2/2014 | to | 5/7/2014 | 5/7/2014 | 76,300,000.00 |
| 5/7/2014 | to | 6/4/2014 | 6/4/2014 | 76,300,000.00 |
| 6/4/2014 | to | 7/2/2014 | 7/2/2014 | 76,300,000.00 |
| 7/2/2014 | to | 8/6/2014 | 8/6/2014 | 76,300,000.00 |
| 8/6/2014 | to | 9/3/2014 | 9/3/2014 | 76,300,000.00 |
| 9/3/2014 | to | 10/1/2014 | 10/1/2014 | 76,300,000.00 |
| 10/1/2014 | to | 11/5/2014 | 11/5/2014 | 76,300,000.00 |

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 11/5/2014 | to | 12/3/2014 | 12/3/2014 | 76,300,000.00 |
| 12/3/2014 | to | 1/7/2015 | 1/7/2015 | 76,300,000.00 |
| 1/7/2015 | to | 2/4/2015 | 2/4/2015 | 76,300,000.00 |
| 2/4/2015 | to | 3/4/2015 | 3/4/2015 | 76,300,000.00 |
| 3/4/2015 | to | 4/1/2015 | 4/1/2015 | 76,300,000.00 |
| 4/1/2015 | to | 5/6/2015 | 5/6/2015 | 76,300,000.00 |
| 5/6/2015 | to | 6/3/2015 | 6/3/2015 | 76,300,000.00 |
| 6/3/2015 | to | 7/1/2015 | 7/1/2015 | 76,300,000.00 |
| 7/1/2015 | to | 8/5/2015 | 8/5/2015 | 76,300,000.00 |
| 8/5/2015 | to | 9/2/2015 | 9/2/2015 | 76,300,000.00 |
| 9/2/2015 | to | 10/7/2015 | 10/7/2015 | 76,300,000.00 |
| 10/7/2015 | to | 11/4/2015 | 11/4/2015 | 76,300,000.00 |
| 11/4/2015 | to | 12/2/2015 | 12/2/2015 | 73,830,000.00 |
| 12/2/2015 | to | 1/6/2016 | 1/6/2016 | 73,830,000.00 |
| 1/6/2016 | to | 2/3/2016 | 2/3/2016 | 73,830,000.00 |
| 2/3/2016 | to | 3/2/2016 | 3/2/2016 | 73,830,000.00 |
| 3/2/2016 | to | 4/6/2016 | 4/6/2016 | 73,830,000.00 |
| 4/6/2016 | to | 5/4/2016 | 5/4/2016 | 73,830,000.00 |
| 5/4/2016 | to | 6/1/2016 | 6/1/2016 | 73,830,000.00 |
| 6/1/2016 | to | 7/6/2016 | 7/6/2016 | 73,830,000.00 |
| 7/6/2016 | to | 8/3/2016 | 8/3/2016 | 73,830,000.00 |
| 8/3/2016 | to | 9/7/2016 | 9/7/2016 | 73,830,000.00 |
| 9/7/2016 | to | 10/5/2016 | 10/5/2016 | 73,830,000.00 |
| 10/5/2016 | to | 11/2/2016 | 11/2/2016 | 73,830,000.00 |
| 11/2/2016 | to | 12/7/2016 | 12/7/2016 | 71,140,000.00 |
| 12/7/2016 | to | 1/4/2017 | 1/4/2017 | 71,140,000.00 |
| 1/4/2017 | to | 2/1/2017 | 2/1/2017 | 71,140,000.00 |
| 2/1/2017 | to | 3/1/2017 | 3/1/2017 | 71,140,000.00 |
| 3/1/2017 | to | 4/5/2017 | 4/5/2017 | 71,140,000.00 |
| 4/5/2017 | to | 5/3/2017 | 5/3/2017 | 71,140,000.00 |
| 5/3/2017 | to | 6/7/2017 | 6/7/2017 | 71,140,000.00 |
| 6/7/2017 | to | 7/5/2017 | 7/5/2017 | 71,140,000.00 |
| 7/5/2017 | to | 8/2/2017 | 8/2/2017 | 71,140,000.00 |
| 8/2/2017 | to | 9/6/2017 | 9/6/2017 | 71,140,000.00 |
| 9/6/2017 | to | 10/4/2017 | 10/4/2017 | 71,140,000.00 |
| 10/4/2017 | to | 11/1/2017 | 11/1/2017 | 71,140,000.00 |
| 11/1/2017 | to | 12/6/2017 | 12/6/2017 | 68,245,000.00 |
| 12/6/2017 | to | 1/3/2018 | 1/3/2018 | 68,245,000.00 |
| 1/3/2018 | to | 2/7/2018 | 2/7/2018 | 68,245,000.00 |
| 2/7/2018 | to | 3/7/2018 | 3/7/2018 | 68,245,000.00 |
| 3/7/2018 | to | 4/4/2018 | 4/4/2018 | 68,245,000.00 |
| 4/4/2018 | to | 5/2/2018 | 5/2/2018 | 68,245,000.00 |
| 5/2/2018 | to | 6/6/2018 | 6/6/2018 | 68,245,000.00 |

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 6/6/2018 | to | 7/5/2018 | 7/5/2018 | 68,245,000.00 |
| 7/5/2018 | to | 8/1/2018 | 8/1/2018 | 68,245,000.00 |
| 8/1/2018 | to | 9/5/2018 | 9/5/2018 | 68,245,000.00 |
| 9/5/2018 | to | 10/3/2018 | 10/3/2018 | 68,245,000.00 |
| 10/3/2018 | to | 11/7/2018 | 11/7/2018 | 68,245,000.00 |
| 11/7/2018 | to | 12/5/2018 | 12/5/2018 | 65,245,000.00 |
| 12/5/2018 | to | 1/2/2019 | 1/2/2019 | 65,245,000.00 |
| 1/2/2019 | to | 2/6/2019 | 2/6/2019 | 65,245,000.00 |
| 2/6/2019 | to | 3/6/2019 | 3/6/2019 | 65,245,000.00 |
| 3/6/2019 | to | 4/3/2019 | 4/3/2019 | 65,245,000.00 |
| 4/3/2019 | to | 5/1/2019 | 5/1/2019 | 65,245,000.00 |
| 5/1/2019 | to | 6/5/2019 | 6/5/2019 | 65,245,000.00 |
| 6/5/2019 | to | 7/3/2019 | 7/3/2019 | 65,245,000.00 |
| 7/3/2019 | to | 8/7/2019 | 8/7/2019 | 65,245,000.00 |
| 8/7/2019 | to | 9/4/2019 | 9/4/2019 | 65,245,000.00 |
| 9/4/2019 | to | 10/2/2019 | 10/2/2019 | 65,245,000.00 |
| 10/2/2019 | to | 11/6/2019 | 11/6/2019 | 65,245,000.00 |
| 11/6/2019 | to | 12/4/2019 | 12/4/2019 | 62,040,000.00 |
| 12/4/2019 | to | 1/2/2020 | 1/2/2020 | 62,040,000.00 |
| 1/2/2020 | to | 2/5/2020 | 2/5/2020 | 62,040,000.00 |
| 2/5/2020 | to | 3/4/2020 | 3/4/2020 | 62,040,000.00 |
| 3/4/2020 | to | 4/1/2020 | 4/1/2020 | 62,040,000.00 |
| 4/1/2020 | to | 5/6/2020 | 5/6/2020 | 62,040,000.00 |
| 5/6/2020 | to | 6/3/2020 | 6/3/2020 | 62,040,000.00 |
| 6/3/2020 | to | 7/1/2020 | 7/1/2020 | 62,040,000.00 |
| 7/1/2020 | to | 8/5/2020 | 8/5/2020 | 62,040,000.00 |
| 8/5/2020 | to | 9/2/2020 | 9/2/2020 | 62,040,000.00 |
| 9/2/2020 | to | 10/7/2020 | 10/7/2020 | 62,040,000.00 |
| 10/7/2020 | to | 11/4/2020 | 11/4/2020 | 62,040,000.00 |
| 11/4/2020 | to | 12/2/2020 | 12/2/2020 | 58,630,000.00 |
| 12/2/2020 | to | 1/6/2021 | 1/6/2021 | 58,630,000.00 |
| 1/6/2021 | to | 2/3/2021 | 2/3/2021 | 58,630,000.00 |
| 2/3/2021 | to | 3/3/2021 | 3/3/2021 | 58,630,000.00 |
| 3/3/2021 | to | 4/7/2021 | 4/7/2021 | 58,630,000.00 |
| 4/7/2021 | to | 5/5/2021 | 5/5/2021 | 58,630,000.00 |
| 5/5/2021 | to | 6/2/2021 | 6/2/2021 | 58,630,000.00 |
| 6/2/2021 | to | 7/7/2021 | 7/7/2021 | 58,630,000.00 |
| 7/7/2021 | to | 8/4/2021 | 8/4/2021 | 58,630,000.00 |
| 8/4/2021 | to | 9/1/2021 | 9/1/2021 | 58,630,000.00 |
| 9/1/2021 | to | 10/6/2021 | 10/6/2021 | 58,630,000.00 |
| 10/6/2021 | to | 11/3/2021 | 11/3/2021 | 58,630,000.00 |
| 11/3/2021 | to | 12/1/2021 | 12/1/2021 | 55,010,000.00 |
| 12/1/2021 | to | 1/5/2022 | 1/5/2022 | 55,010,000.00 |

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 1/5/2022 | to | 2/2/2022 | 2/2/2022 | 55,010,000.00 |
| 2/2/2022 | to | 3/2/2022 | 3/2/2022 | 55,010,000.00 |
| 3/2/2022 | to | 4/6/2022 | 4/6/2022 | 55,010,000.00 |
| 4/6/2022 | to | 5/4/2022 | 5/4/2022 | 55,010,000.00 |
| 5/4/2022 | to | 6/1/2022 | 6/1/2022 | 55,010,000.00 |
| 6/1/2022 | to | 7/6/2022 | 7/6/2022 | 55,010,000.00 |
| 7/6/2022 | to | 8/3/2022 | 8/3/2022 | 55,010,000.00 |
| 8/3/2022 | to | 9/7/2022 | 9/7/2022 | 55,010,000.00 |
| 9/7/2022 | to | 10/5/2022 | 10/5/2022 | 55,010,000.00 |
| 10/5/2022 | to | 11/2/2022 | 11/2/2022 | 55,010,000.00 |
| 11/2/2022 | to | 12/7/2022 | 12/7/2022 | 51,185,000.00 |
| 12/7/2022 | to | 1/4/2023 | 1/4/2023 | 51,185,000.00 |
| 1/4/2023 | to | 2/1/2023 | 2/1/2023 | 51,185,000.00 |
| 2/1/2023 | to | 3/1/2023 | 3/1/2023 | 51,185,000.00 |
| 3/1/2023 | to | 4/5/2023 | 4/5/2023 | 51,185,000.00 |
| 4/5/2023 | to | 5/3/2023 | 5/3/2023 | 51,185,000.00 |
| 5/3/2023 | to | 6/7/2023 | 6/7/2023 | 51,185,000.00 |
| 6/7/2023 | to | 7/5/2023 | 7/5/2023 | 51,185,000.00 |
| 7/5/2023 | to | 8/2/2023 | 8/2/2023 | 51,185,000.00 |
| 8/2/2023 | to | 9/6/2023 | 9/6/2023 | 51,185,000.00 |
| 9/6/2023 | to | 10/4/2023 | 10/4/2023 | 51,185,000.00 |
| 10/4/2023 | to | 11/1/2023 | 11/1/2023 | 51,185,000.00 |
| 11/1/2023 | to | 12/6/2023 | 12/6/2023 | 47,150,000.00 |
| 12/6/2023 | to | 1/3/2024 | 1/3/2024 | 47,150,000.00 |
| 1/3/2024 | to | 2/7/2024 | 2/7/2024 | 47,150,000.00 |
| 2/7/2024 | to | 3/6/2024 | 3/6/2024 | 47,150,000.00 |
| 3/6/2024 | to | 4/3/2024 | 4/3/2024 | 47,150,000.00 |
| 4/3/2024 | to | 5/1/2024 | 5/1/2024 | 47,150,000.00 |
| 5/1/2024 | to | 6/5/2024 | 6/5/2024 | 47,150,000.00 |
| 6/5/2024 | to | 7/3/2024 | 7/3/2024 | 47,150,000.00 |
| 7/3/2024 | to | 8/7/2024 | 8/7/2024 | 47,150,000.00 |
| 8/7/2024 | to | 9/4/2024 | 9/4/2024 | 47,150,000.00 |
| 9/4/2024 | to | 10/2/2024 | 10/2/2024 | 47,150,000.00 |
| 10/2/2024 | to | 11/6/2024 | 11/6/2024 | 47,150,000.00 |
| 11/6/2024 | to | 12/4/2024 | 12/4/2024 | 43,015,000.00 |
| 12/4/2024 | to | 1/2/2025 | 1/2/2025 | 43,015,000.00 |
| 1/2/2025 | to | 2/5/2025 | 2/5/2025 | 43,015,000.00 |
| 2/5/2025 | to | 3/5/2025 | 3/5/2025 | 43,015,000.00 |
| 3/5/2025 | to | 4/2/2025 | 4/2/2025 | 43,015,000.00 |
| 4/2/2025 | to | 5/7/2025 | 5/7/2025 | 43,015,000.00 |
| 5/7/2025 | to | 6/4/2025 | 6/4/2025 | 43,015,000.00 |
| 6/4/2025 | to | 7/2/2025 | 7/2/2025 | 43,015,000.00 |
| 7/2/2025 | to | 8/6/2025 | 8/6/2025 | 43,015,000.00 |

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 8/6/2025 | to | 9/3/2025 | 9/3/2025 | 43,015,000.00 |
| 9/3/2025 | to | 10/1/2025 | 10/1/2025 | 43,015,000.00 |
| 10/1/2025 | to | 11/5/2025 | 11/5/2025 | 43,015,000.00 |
| 11/5/2025 | to | 12/3/2025 | 12/3/2025 | 38,570,000.00 |
| 12/3/2025 | to | 1/7/2026 | 1/7/2026 | 38,570,000.00 |
| 1/7/2026 | to | 2/4/2026 | 2/4/2026 | 38,570,000.00 |
| 2/4/2026 | to | 3/4/2026 | 3/4/2026 | 38,570,000.00 |
| 3/4/2026 | to | 4/1/2026 | 4/1/2026 | 38,570,000.00 |
| 4/1/2026 | to | 5/6/2026 | 5/6/2026 | 38,570,000.00 |
| 5/6/2026 | to | 6/3/2026 | 6/3/2026 | 38,570,000.00 |
| 6/3/2026 | to | 7/1/2026 | 7/1/2026 | 38,570,000.00 |
| 7/1/2026 | to | 8/5/2026 | 8/5/2026 | 38,570,000.00 |
| 8/5/2026 | to | 9/2/2026 | 9/2/2026 | 38,570,000.00 |
| 9/2/2026 | to | 10/7/2026 | 10/7/2026 | 38,570,000.00 |
| 10/7/2026 | to | 11/4/2026 | 11/4/2026 | 38,570,000.00 |
| 11/4/2026 | to | 12/2/2026 | 12/2/2026 | 33,915,000.00 |
| 12/2/2026 | to | 1/6/2027 | 1/6/2027 | 33,915,000.00 |
| 1/6/2027 | to | 2/3/2027 | 2/3/2027 | 33,915,000.00 |
| 2/3/2027 | to | 3/3/2027 | 3/3/2027 | 33,915,000.00 |
| 3/3/2027 | to | 4/7/2027 | 4/7/2027 | 33,915,000.00 |
| 4/7/2027 | to | 5/5/2027 | 5/5/2027 | 33,915,000.00 |
| 5/5/2027 | to | 6/2/2027 | 6/2/2027 | 33,915,000.00 |
| 6/2/2027 | to | 7/7/2027 | 7/7/2027 | 33,915,000.00 |
| 7/7/2027 | to | 8/4/2027 | 8/4/2027 | 33,915,000.00 |
| 8/4/2027 | to | 9/1/2027 | 9/1/2027 | 33,915,000.00 |
| 9/1/2027 | to | 10/6/2027 | 10/6/2027 | 33,915,000.00 |
| 10/6/2027 | to | 11/3/2027 | 11/3/2027 | 33,915,000.00 |
| 11/3/2027 | to | 12/1/2027 | 12/1/2027 | 28,950,000.00 |
| 12/1/2027 | to | 1/5/2028 | 1/5/2028 | 28,950,000.00 |
| 1/5/2028 | to | 2/2/2028 | 2/2/2028 | 28,950,000.00 |
| 2/2/2028 | to | 3/1/2028 | 3/1/2028 | 28,950,000.00 |
| 3/1/2028 | to | 4/5/2028 | 4/5/2028 | 28,950,000.00 |
| 4/5/2028 | to | 5/3/2028 | 5/3/2028 | 28,950,000.00 |
| 5/3/2028 | to | 6/7/2028 | 6/7/2028 | 28,950,000.00 |
| 6/7/2028 | to | 7/5/2028 | 7/5/2028 | 28,950,000.00 |
| 7/5/2028 | to | 8/2/2028 | 8/2/2028 | 28,950,000.00 |
| 8/2/2028 | to | 9/6/2028 | 9/6/2028 | 28,950,000.00 |
| 9/6/2028 | to | 10/4/2028 | 10/4/2028 | 28,950,000.00 |
| 10/4/2028 | to | 11/1/2028 | 11/1/2028 | 28,950,000.00 |
| 11/1/2028 | to | 12/6/2028 | 12/6/2028 | 23,780,000.00 |
| 12/6/2028 | to | 1/3/2029 | 1/3/2029 | 23,780,000.00 |
| 1/3/2029 | to | 2/7/2029 | 2/7/2029 | 23,780,000.00 |
| 2/7/2029 | to | 3/7/2029 | 3/7/2029 | 23,780,000.00 |

| | | | | |
|-----------|----|-----------|-----------|---------------|
| 3/7/2029 | to | 4/4/2029 | 4/4/2029 | 23,780,000.00 |
| 4/4/2029 | to | 5/2/2029 | 5/2/2029 | 23,780,000.00 |
| 5/2/2029 | to | 6/6/2029 | 6/6/2029 | 23,780,000.00 |
| 6/6/2029 | to | 7/5/2029 | 7/5/2029 | 23,780,000.00 |
| 7/5/2029 | to | 8/1/2029 | 8/1/2029 | 23,780,000.00 |
| 8/1/2029 | to | 9/5/2029 | 9/5/2029 | 23,780,000.00 |
| 9/5/2029 | to | 10/3/2029 | 10/3/2029 | 23,780,000.00 |
| 10/3/2029 | to | 11/7/2029 | 11/7/2029 | 23,780,000.00 |
| 11/7/2029 | to | 12/5/2029 | 12/5/2029 | 18,300,000.00 |
| 12/5/2029 | to | 1/2/2030 | 1/2/2030 | 18,300,000.00 |
| 1/2/2030 | to | 2/6/2030 | 2/6/2030 | 18,300,000.00 |
| 2/6/2030 | to | 3/6/2030 | 3/6/2030 | 18,300,000.00 |
| 3/6/2030 | to | 4/3/2030 | 4/3/2030 | 18,300,000.00 |
| 4/3/2030 | to | 5/1/2030 | 5/1/2030 | 18,300,000.00 |
| 5/1/2030 | to | 6/5/2030 | 6/5/2030 | 18,300,000.00 |
| 6/5/2030 | to | 7/3/2030 | 7/3/2030 | 18,300,000.00 |
| 7/3/2030 | to | 8/7/2030 | 8/7/2030 | 18,300,000.00 |
| 8/7/2030 | to | 9/4/2030 | 9/4/2030 | 18,300,000.00 |
| 9/4/2030 | to | 10/2/2030 | 10/2/2030 | 18,300,000.00 |
| 10/2/2030 | to | 11/6/2030 | 11/6/2030 | 18,300,000.00 |
| 11/6/2030 | to | 12/4/2030 | 12/4/2030 | 12,510,000.00 |
| 12/4/2030 | to | 1/2/2031 | 1/2/2031 | 12,510,000.00 |
| 1/2/2031 | to | 2/5/2031 | 2/5/2031 | 12,510,000.00 |
| 2/5/2031 | to | 3/5/2031 | 3/5/2031 | 12,510,000.00 |
| 3/5/2031 | to | 4/2/2031 | 4/2/2031 | 12,510,000.00 |
| 4/2/2031 | to | 5/7/2031 | 5/7/2031 | 12,510,000.00 |
| 5/7/2031 | to | 6/4/2031 | 6/4/2031 | 12,510,000.00 |
| 6/4/2031 | to | 7/2/2031 | 7/2/2031 | 12,510,000.00 |
| 7/2/2031 | to | 8/6/2031 | 8/6/2031 | 12,510,000.00 |
| 8/6/2031 | to | 9/3/2031 | 9/3/2031 | 12,510,000.00 |
| 9/3/2031 | to | 10/1/2031 | 10/1/2031 | 12,510,000.00 |
| 10/1/2031 | to | 11/5/2031 | 11/5/2031 | 12,510,000.00 |
| 11/5/2031 | to | 12/3/2031 | 12/3/2031 | 6,410,000.00 |
| 12/3/2031 | to | 1/7/2032 | 1/7/2032 | 6,410,000.00 |
| 1/7/2032 | to | 2/4/2032 | 2/4/2032 | 6,410,000.00 |
| 2/4/2032 | to | 3/3/2032 | 3/3/2032 | 6,410,000.00 |
| 3/3/2032 | to | 4/7/2032 | 4/7/2032 | 6,410,000.00 |
| 4/7/2032 | to | 5/5/2032 | 5/5/2032 | 6,410,000.00 |
| 5/5/2032 | to | 6/2/2032 | 6/2/2032 | 6,410,000.00 |
| 6/2/2032 | to | 7/7/2032 | 7/7/2032 | 6,410,000.00 |
| 7/7/2032 | to | 8/4/2032 | 8/4/2032 | 6,410,000.00 |
| 8/4/2032 | to | 9/1/2032 | 9/1/2032 | 6,410,000.00 |
| 9/1/2032 | to | 10/6/2032 | 10/6/2032 | 6,410,000.00 |

10/6/2032

to

11/1/2032

11/3/2032

6,410,000.00

ISDA[®]

International Swaps and Derivatives Association, Inc.

MASTER AGREEMENT

dated as of _____, 2011

Wells Fargo Bank, N.A. and County of Riverside Asset Leasing Corporation have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement (the "Master Agreement"), which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:—

1. Interpretation

- (a) **Definitions.** The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default 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.

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting.** If on any date amounts would otherwise be payable:—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) **Default Interest; Other Amounts.** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on-demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. Representations

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) that:—

(a) **Basic Representations.**

- (i) **Status.** It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;
- (ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution, delivery and performance;
- (iii) **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) **Obligations Binding.** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information.** It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorizations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with

any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation.** A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, 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 applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, 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 applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(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 and, at the time of such consolidation, amalgamation, merger or transfer:—

(1) the resulting, surviving or transferee 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; or

(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 or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below:—

(i) **Illegality.** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) **Credit Event Upon Merger.** If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, such party (“X”), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) **Additional Termination Event.** If any “Additional Termination Event” is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the “Defaulting Party”) has occurred and is then continuing, the other party (the “Non-defaulting Party”) may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If,

however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) ***Two Affected Parties.*** If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) ***Right to Terminate.*** If:—

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs,

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) ***Calculations.***

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date.*** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount

is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) **Payments on Early Termination.** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss," and a payment method, either the "First Method" or the "Second Method." If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method," as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) **Events of Default.** If the Early Termination Date results from an Event of Default:—

(1) **First Method and Market Quotation.** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) **First Method and Loss.** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) **Second Method and Market Quotation.** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) **Second Method and Loss.** If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) **Termination Events.** If the Early Termination Date results from a Termination Event:—

(1) **One Affected Party.** If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) **Two Affected Parties.** If there are two Affected Parties:—

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) **Adjustment for Bankruptcy.** In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Pre-Estimate.** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

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) 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 of its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(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).

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

8. Miscellaneous

(a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) **Counterparts and Confirmations.**

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege

will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

10. Notices

(a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Addresses.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

11. Governing Law and Jurisdiction

(a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

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

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any 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.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) **Waiver of Immunities.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

12. Definitions

As used in this Agreement:—

“Additional Termination Event” has the meaning specified in Section 5(b).

“Affected Party” has the meaning specified in Section 5(b).

“Affected Transactions” means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

“Affiliate” means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“Applicable Rate” means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

“consent” includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

“Credit Event Upon Merger” has the meaning specified in Section 5(b).

“Credit Support Document” means any agreement or instrument that is specified as such in this Agreement.

“Credit Support Provider” has the meaning specified in the Schedule.

“Default Rate” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

“Defaulting Party” has the meaning specified in Section 6(a).

“Early Termination Date” means the date determined in accordance with Section 6(a) or 6(b)(iii).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"law" includes any treaty, law, rule or regulation and **"lawful"** and **"unlawful"** will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:—

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"Termination Event" means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required

to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

WELLS FARGO BANK, N.A.

and

COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION

By:

Name: Harold E. Sprague
Title: Authorized Signatory
Date:

By:

Name:
Title:
Date:

SCHEDULE

to the

ISDA Master Agreement

dated as of _____, 2011, between

Wells Fargo Bank, N.A.,
a national banking association organized under
the laws of the United States of America
("Party A")

and

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION,
a nonprofit public benefit corporation organized and existing
under the laws of the State of California
("Party B")

Part 1. **Termination Provisions.**

In this Agreement:—

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

| | |
|--|-----------------|
| Section 5(a)(v) (Default under Specified Transaction), | Affiliates. |
| 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), | County of Riverside (the "County"). |
| Section 5(a)(vi) (Cross Default), | The County. |
| Section 5(a)(vii) (Bankruptcy), | The County. |
| Section 5(b)(ii) (Credit Event Upon Merger), | The County. |

(b) **"Specified Transaction"** will have the meaning specified in Section 12 of this Agreement.

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

The following provisions apply:—

"Specified Indebtedness" will have the meaning specified in Section 12 of this Agreement; provided, however, that Specified Indebtedness shall not include deposits received in the ordinary course of Party A's banking business. For the purpose of Section 5(a)(vi)(1), any reference to Specified Indebtedness becoming, or becoming capable of being declared, due and payable shall not include indebtedness with respect to which such declaration (or ability to declare) is being contested in good faith by the party (or its Credit Support Provider or relevant Specified Entity) through appropriate action.

“Threshold Amount” means, (i) with respect to Party A, the lesser of (x) USD 250,000,000 or (y) three percent (3%) of the Stockholder’s Equity of Party A, and (ii) with respect to Party B, USD 250,000. For purposes of (i) above, Stockholder’s Equity means, at any time, an amount equal to Party A’s total assets minus its total liabilities, as reflected on its most recent call report.

The following proviso will be inserted at the end of Section 5(a)(vi) of this Agreement

“provided, however, that notwithstanding the foregoing, an Event of Default shall not occur under either (1) or (2) above if (a) in the event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to such party to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Local Business Days following receipt of written notice from an interested party of such failure to pay.”

(d) The **“Credit Event Upon Merger”** provisions of Section 5(b)(ii) will apply to Party A and will apply to Party B.

(e) The **“Automatic Early Termination”** provisions of Section 6(a) will not apply to Party A and will not apply to Party B; provided, however, that with respect to a party, where the Event of Default specified in Section 5(a)(vii)(1), (3), (4), (5), (6) or to the extent analogous thereto, (8) is governed by a system of law which does not permit termination to take place after the occurrence of the relevant Event of Default, then the Automatic Early Termination provisions of Section 6(a) will apply to such party.

(f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement, Market Quotation and the Second Method will apply. In the case of any Terminated Transaction that is, or is subject to, any unexercised option, the words “economic equivalent of any payment or delivery” appearing in the definition of “Market Quotation” shall be construed to take into account the economic equivalent of the option.

(g) **Events of Default.**

(i) **Bankruptcy.** Clause (6) of Section 5(a)(vii) of this Agreement is hereby amended to read in its entirety as follows:—

“(6)(A) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets or (B) in the case of a Government Entity, any Credit Support Provider of such Government Entity or any applicable Specified Entity of such Government Entity, (I) there shall be appointed or designated with respect to it, an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or (II) there shall be declared or introduced or proposed for consideration by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it;”.

(ii) **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 an organization, board, commission, authority, agency, or body 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; or

(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.”

(h) **Termination Events.** Section 5(b)(ii) of this Agreement is hereby amended to read in its entirety as follows:—

“(ii) **Credit Event Upon Merger.** If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, such party (“X”), any Credit Support Provider of X or any applicable Specified Entity of X 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 X is a Government Entity, an entity such as an organization, board, commission, authority, agency or body succeeds to the principal functions of, or powers and duties granted to, X, any Credit Support Provider of X or any Specified Entity of X) and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving, transferee or successor entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or”.

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

(i) (A) The long-term unenhanced or underlying rating (not taking into account any third party credit enhancement) of the Related Bonds or any bonds issued and secured under the Covered Indenture to refund the Related Bonds is withdrawn, suspended or falls below (1) Baa2 as determined by Moody’s Investor’s Service, Inc. or any successor thereto (“Moody’s”), or (2) BBB as determined by Standard & Poor’s Ratings Service, a division of The McGraw-Hill Companies, Inc. or any successor thereto (“S&P”) or (B) the Related Bonds (or any bonds issued and secured under the Covered Indenture to refund the Related Bonds) are no longer outstanding or fail to have a long-term unenhanced or underlying rating (not taking into account any third party credit enhancement) by S&P and Moody’s. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.

(ii) (A) The rating of the long-term, unsecured, unenhanced senior debt (not taking into account any third party credit enhancement) of Party A is withdrawn, suspended or falls below (1) Baa2 as determined by Moody’s, or (2) BBB as determined by S&P or (B) Party A fails to have any rated long-term, unsecured, unenhanced senior debt (not taking into account any third party credit enhancement). For the purpose of the foregoing Termination Event, Party A shall be the Affected Party.

(j) **Delivery of Collateral.** Each of Party A and Party B shall deliver collateral in order to secure its obligations under this Agreement and each Transaction hereunder in accordance with the terms and provisions of the ISDA Credit Support Annex attached hereto as Exhibit A and incorporated by reference herein.

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:—

| <u>Party required to deliver document</u> | <u>Form/Document/Certificate</u> | <u>Date by which to be Delivered</u> | <u>Covered by Section 3(d)Representation</u> |
|---|---|--------------------------------------|--|
| Party A | Opinion of counsel to Party A in form and | Promptly after execution of this | No |

| Party required to deliver document | Form/Document/Certificate | Date by which to be Delivered | Covered by Section 3(d)Representation |
|------------------------------------|---|---|---------------------------------------|
| | substance reasonably acceptable to Party B and the Insurer. | Agreement. | |
| Party B | An opinion of counsel to Party B in form and substance reasonably acceptable to Party A and the Insurer. | Prior to the execution of this Agreement and, with respect to each Transaction, prior to the execution of such Transaction. | No |
| Party B | Evidence reasonably satisfactory to Party A of the (i) authority of Party B to enter into the Agreement and any Transactions and (ii) the authority and genuine signature of the individual signing the Agreement on behalf of Party B to execute the same. A certified copy of the resolution or resolutions (or the equivalent thereof) of the governing body of Party B, certified by an appropriate official of Party B, pursuant to which Party B is authorized to enter into this Agreement and each Transaction. | Prior to the execution of this Agreement and, with respect to each Transaction, prior to the execution of such Transaction. | Yes |
| Party A | The Annual Report of Wells Fargo & Co. containing audited consolidated financial statements certified by independent certified public accountants for each fiscal year. | As soon as practicable after the execution of this Agreement and as soon as practicable after becoming publicly available after the end of each of its fiscal years while there are any obligations (absolute or contingent) of Party A outstanding under this Agreement, but in no event later than 120 days after the end of each such fiscal year. Such reports shall be deemed delivered if available on the internet through a Wells Fargo website, currently at: https://www.wellsfargo.com/invest_relations/investor_relations | Yes |
| Party B | The County's Annual Report containing audited consolidated financial statements certified by independent certified public accountants for each fiscal year. | As soon as available and in any event within 180 days (or as soon as practicable after becoming publicly available) after the end of each of its fiscal years. | Yes |
| Party B | The County's quarterly updated budget reports. | As soon as available and in any event within 60 days (or as soon as practicable after becoming publicly available) after the end of each of its fiscal quarters. | Yes |
| Party A and Party B | A duly executed copy of any Credit Support Document specified in Part 3(c) of this Schedule. | Upon execution of this Agreement. | Yes |
| Party B | An executed copy of the Covered Indenture. | Upon execution of this Agreement. | Yes |

| <u>Party required to deliver document</u> | <u>Form/Document/Certificate</u> | <u>Date by which to be Delivered</u> | <u>Covered by Section 3(d)Representation</u> |
|---|---|---|--|
| Party B | Any documents required by Part 4(p) of this Schedule. | With respect to an Insured Transaction only, as set forth in Part 4(p) of this Schedule. | Yes |
| Party A | The most recent call report of Party A containing the Shareholders Equity of Party A. | Upon request from Party B, unless available on the internet through a website, currently at: http://www2.fdic.gov/call_trf_rpts/ | Yes |
| Party B | Executed copy of the document/certificate designating this Agreement and the Insured Transaction as a Qualified Swap with respect to the Related Bonds. | Upon execution of this Agreement. | Yes |
| Party B | Updated/revised Debt Management Policy | Prior to the Trade Date of the initial Transaction hereunder. | Yes |

Part 3. **Miscellaneous.**

(a) **Addresses for Notices.** For the purpose of Section 10(a) to this Agreement:—

Address for notices or communications to Party A:—

Address: 550 California Street, 10th Floor, MAC A0112-109, San Francisco, California 94104

Attention: Derivatives Documentation Manager

Facsimile No: (415) 986-2604

Address for financial statements to Party A:

Address: 707 Wilshire Blvd, 11th Floor, MAC E2818-114, Los Angeles, California 90017

Attention: Lynn Love

Facsimile No: (213) 614-3555

Address for notices or communications to Party B:—

Address: County Administrative Center, 4080 Lemon Street, 12th Floor, Riverside, CA 92501

Attention: Dean Deines

Facsimile No: (909) 955-1105

Telephone No: (909) 955-1127

(b) **Calculation Agent.** The Calculation Agent is Party A, provided that if an Event of Default is continuing with respect to Party A, the Calculation Agent will be a Reference Market-maker that is selected by Party B and is approved by Party A (such approval not to be unreasonably withheld). Party A shall be deemed to

have approved the Reference Market-maker selected by Party B if Party A does not reject such selection within five Local Business Days of receipt of notice from Party B identifying such entity.

(c) **Credit Support Document.** Details of any Credit Support Document:—

In the case of Party A, "Credit Support Document" means the ISDA Credit Support Annex attached hereto as Exhibit A and incorporated by reference herein.

In the case of Party B, "Credit Support Document" means the Covered Indenture and the ISDA Credit Support Annex attached hereto as Exhibit A and incorporated by reference herein.

(d) **Credit Support Provider.** Credit Support Provider means in relation to Party A: Not applicable. Credit Support Provider means in relation to Party B, the County.

(e) **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.

(f) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to all Transactions.

(g) **"Affiliate"** will have the meaning specified in Section 12 of this Agreement.

(h) **"Covered Indenture"** means collectively, the Facilities Lease, the Indenture of Trust and the Site Lease.

(i) Reserved.

(j) **"Facilities Lease"** means the Facilities Lease, dated as of December 1, 2008, between Party B and the County, as amended and supplemented prior to the date hereof in accordance with the terms thereof and as amended and supplemented following the date hereof in accordance with the terms hereof and thereof.

(k) **"Indenture of Trust"** means the Indenture of Trust, dated as of December 1, 2008, by and among Party B, the County and U.S. Bank Trust National Association, as Trustee, as amended and supplemented prior to the date hereof in accordance with the terms thereof and as amended and supplemented following the date hereof in accordance with the terms hereof and thereof.

(l) **"Site Lease"** means the Site Lease, dated as of December 1, 2008, between Party B and the County, as amended and supplemented prior to the date hereof in accordance with the terms thereof and as amended and supplemented following the date hereof in accordance with the terms hereof and thereof.

(m) **"Covered Indenture Incorporation Date"** means the date of this Agreement.

(n) **"Government Entity"** means Party B and the County.

Part 4. **Other Provisions.**

(a) **Obligations.** Section 2(a)(iii) of this Agreement 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, 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."

(b) **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(q), at all times until the termination of this Agreement) that:—”.

(ii) Section 3(a)(ii) of this Agreement is hereby amended to read in its entirety as follows:—

“(ii) **Powers.** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action and made all necessary determinations and findings to authorize such execution, delivery and performance;”.

(iii) Section 3(b) of this Agreement is hereby amended to read in its entirety as follows:—

“(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Incipient Illegality (in the case of a Government Entity) or Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.”

(iv) Section 3 of this Agreement is hereby amended by adding the following subsection “(e)” thereto, which subsection shall only apply to the Government Entity:—

“(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.”

(v) Section 3 of this Agreement is hereby amended by adding the following subsection “(f)” thereto:—

“(f) **No Immunity.** It is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) or (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be made subject to in any Proceedings (as defined in Section 11(b)) in the courts of any jurisdiction and no such immunity (whether or not claimed) may be attributed to such party or its revenues or assets.”

(c) **Agreements.**

(i) The introductory clause of Section 4 of this Agreement is hereby amended to read in its entirety as follows:—

“Each party agrees with the other (or, in the case of Section 4(d), (e) and (f), the Government Entity agrees with the other party) that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—”.

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

“(d) **Compliance with Covered Indenture.** The Government Entity will observe, perform and fulfill each provision in the Covered Indenture applicable to such Government Entity in effect on the Covered Indenture Incorporation Date, as any of those provisions may be amended, supplemented or modified for purposes of this Agreement with the prior written consent of the other party hereto (the “Incorporated Provisions”), with the effect that such other party hereto will have the benefit of each of the Incorporated Provisions (including without limitation, covenants, right to consent to certain actions subject to consent under the Covered Indenture and delivery of financial statements and other notices and information). In the event the Covered Indenture

ceases to be in effect prior to the termination of this Agreement, the Incorporated Provisions (other than those provisions requiring payments in respect of bonds, notes, warrants or other similar instruments issued under the Covered Indenture) will remain in full force and effect for purposes of this Agreement as though set forth herein until such date on which all of the obligations of the Government Entity under this Agreement and any obligations of the Government Entity or any Credit Support Provider of the Government Entity under a Credit Support Document have been fully satisfied. The Incorporated Provisions are hereby incorporated by reference and made a part of this Agreement to the same extent as if such provisions were set forth herein. For purposes of this Agreement, the Incorporated Provisions shall be construed as though (i) all references therein to any party making loans, extensions of credit or financial accommodations thereunder or commitments therefor (the "Financings") were to the other party hereto and (ii) to the extent that such Incorporated Provisions are conditioned on or relate to the existence of such Financings or the Government Entity having any obligations in connection therewith, all references to such Financings or obligations were to the obligations of the Government Entity under this Agreement. Any amendment, supplement, modification or waiver of any of the Incorporated Provisions without the prior written consent of the other party hereto shall have no force and effect with respect to this Agreement. Any amendment, supplement or modification for which such consent is obtained shall be part of the Incorporated Provisions for purposes of this Agreement.

(e) **Notice of Incipient Illegality.** If an Incipient Illegality occurs, the Government Entity will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Incipient Illegality and will also give such other information about that Incipient Illegality as the other party may reasonably require.

(f) **Security and Source of Payment of Party B's Obligations.** Party B's obligation to make regularly scheduled payments (the "Parity Amounts") under this Agreement including, without limitation, the Transaction entered into pursuant to this Agreement in the Confirmation dated as of the date hereof (as restated, modified, amended or supplemented from time to time) (the "Initial Transaction") shall be special, limited obligations of Party B payable solely from and secured solely by (i) the proceeds of the sale of the Related Bonds, if any, (ii) the Revenues, (iii) all Funds and Accounts established by the Indenture of Trust (other than the Excess Earnings Fund), including the investment earnings, if any, thereon, and (iv) all other property which by the express provisions of the Indenture of Trust is required to be subject to the lien thereof (collectively, the "Security"), and the same are hereby irrevocably pledged and assigned, subject only to the provisions of the Indenture of Trust permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture of Trust. Party B represents that this Agreement constitutes a Qualified Swap, and that the Parity Amounts constitute Net Corporation Payments, payable in accordance with Section 1006 of the Indenture of Trust. Such Parity Amounts are payable on a parity with the Related Bonds. Party B's obligations under this Agreement, including without limitation, the Initial Transaction, other than the Parity Amounts shall be secured by the Security on a basis directly subordinate only to the Related Bonds and Party B does hereby irrevocably pledge and assign such Security to the payment of such amounts. Amounts payable by Party B hereunder other than Parity Amounts are also payable by the County as Additional Rental under the Facilities Lease.

In addition, in the event that any amounts are due from Party B upon an early termination of this Agreement with respect to the Initial Transaction and such amounts remain unpaid, Party B hereby covenants and agrees to use its best efforts and to take all steps necessary and within its control to issue or cause the issuance of bonds the proceeds of which will be used to pay such amounts to Party A.

Capitalized terms used in this Section 4(f) and not defined in this Agreement have the respective meanings given such terms in the Covered Indenture."

- (d) **Jurisdiction.** Section 11(b) of this Agreement is hereby amended by: (a) deleting clause (i) in its entirety and replacing it with the following:

"(i) submits to the exclusive jurisdiction of the United States District Court located in the Borough of Manhattan in New York City and the United States District Court for the Central District of California (collectively, the "Courts"); and";

and (b) deleting the final paragraph and replacing with the following:

"Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction if (A) the Courts lack jurisdiction over the parties or the subject matter of the Proceedings or decline to accept the Proceedings on the grounds of lacking such jurisdiction; (B) the Proceedings are commenced by a party for the purpose of enforcing against the other party's property, assets or estate any decision or judgment rendered by any court in which Proceedings may be brought as provided hereunder; or (C) the Proceedings are commenced to appeal any such court's decision or judgment to the United States Court of Appeals for the Ninth Circuit, the United States Court of Appeals for the Seventh Circuit or the U.S. Supreme Court."

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

" **'Related Bonds'** means with respect to each Transaction, the definition given such term in the Confirmation of such Transaction.

" **'Covered Indenture'** has the meaning specified in Part 3(h) of the Schedule."

" **'Covered Indenture Incorporation Date'** has the meaning specified in Part 3(m) of the Schedule."

" **'Government Entity'** has the meaning specified in Part 3(n) of the Schedule."

“ ‘**Incipient Illegality**’ means (a) the enactment by any legislative body with competent jurisdiction over a Government Entity of legislation which, if adopted as law, would render unlawful (i) the performance by such Government Entity 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 such Government Entity with any other material provision of this Agreement relating to such Transaction or (ii) the performance by a Government Entity or a Credit Support Provider of such Government Entity of any contingent or other obligation which the Government Entity (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction, (b) any assertion in any proceeding, forum or action by a Government Entity, in respect of such Government Entity or in respect of any entity located or organized under the laws of the state in which such Government Entity is located to the effect that performance under this Agreement or similar agreements is unlawful or (c) the occurrence with respect to a Government Entity or any Credit Support Provider of such Government Entity of any event that constitutes an Illegality.”

Miscellaneous:

- (f) This Agreement is hereby amended by adding the following Section “13” hereto:—

“13. Relationship Between Parties

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):—

(a) **Non-Reliance.** 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. 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. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.

(b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(c) **Status of Parties.** The other party is not acting as a fiduciary for or as an advisor to it in respect of that Transaction.”

- (g) **Set-off.** Section 6 of the Agreement is amended by adding the following new subsection 6(f):

“(f) In addition to any rights of set-off a party may have as a matter of law or otherwise, upon the occurrence of an Event of Default with respect to a party (“X”) the other party (“Y”) will have the right (but will not be obliged) without prior notice to X or any other person to set-off any obligation of X owing to Y (whether or not arising under this Agreement, whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y owing to X (whether or not arising under this Agreement, whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation).

For the purpose of cross-currency set-off, Y may convert any obligation to another currency at a market rate determined by Y.

If an obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this provision will be deemed to create a charge or other security interest.”

- (h) **Waiver of Right to Trial by Jury.** Each party hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Agreement or any Credit Support Document (each, a "Claim"). Each party (i) certifies that no representative, agent or attorney of the other party or any Credit Support Provider has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Agreement and provide for any Credit Support Document, as applicable, by, among other things, the mutual waivers and certifications in this section.
- (i) **Severability.** In the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby; provided, however, that this severability provision will not be applicable if any provision of Section 1(c), 2, 5, or 6 is held to be invalid or unenforceable. The parties shall endeavor, in good faith negotiations, to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.
- (j) **Additional Representations.** For purposes of Section 3 of this Agreement, the following shall be added, immediately following paragraph (f) thereof:

"(g) **No Reliance.** In connection with the negotiation of, entering into, and confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, each Confirmation, each Transaction and any other documentation relating to this Agreement to which it is a party or that it is required by this Agreement to deliver: (i) the other party hereto or thereto has not given to it (directly or indirectly) any assurance, guaranty, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (either economic, legal, regulatory, tax, financial, accounting or otherwise) of this Agreement, such Credit Support Document, any Transaction, or such other documentation; (ii) it is capable of understanding and has evaluated (alone or in consultation with independent professional adviser(s)) all of the terms, conditions and risks (economic or otherwise) of this Agreement, any Credit Support Document, each Transaction and such documentation and is capable of assuming and willing to assume such risks; and (iii) it has made its own investment, hedging and trading decisions (including decisions regarding the suitability or appropriateness of any Transaction in light of its circumstances) based upon its own judgment and upon advice from such independent professional advisers and such information as it has deemed necessary or appropriate and not upon any advice, view, recommendation, counsel or representations of the other party except as expressly set forth in this Agreement, in such Credit Support Document or in such Confirmation.

(h) **No Agency.** It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction, and any other documentation relating to this Agreement as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(i) **Risk Management.** Party B only represents that this Agreement has been, and each Transaction hereunder has been or will be, as the case may be, entered into for the purpose of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with its line of business and not for the purpose of speculation.

(j) **Due Execution.** The individual(s) executing and delivering this Agreement and any other documentation (including any Credit Support Document and each Confirmation) relating to this Agreement to which it is a party or that it is required to deliver are duly empowered and authorized to do so, and it has duly executed and delivered this Agreement, each Confirmation and any Credit Support Document to which it is a party.

(k) **Eligible Contract Participant.** It is an "eligible contract participant" within the meaning of the Commodity Exchange Act, as amended."

(l) **Line of Business.** Party A only represents that it has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business.

(m) **No Representations.** It is not relying upon any representations (whether written or oral) of the other party other than the representations expressly set forth herein, in any Credit Support Document or in any Confirmation.

(n) **ERISA.** Each party represents to the other party at all times hereunder that it is not (i) an employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), subject to Title I of ERISA or Section 4975 of the Code, or a plan as so defined but which is not subject to Title I of ERISA or Section 4975 of the Code but is subject to another law materially similar to Title I of ERISA or Section 4975 of the Code (each of which, an "ERISA Plan"), (ii) a person or entity acting on behalf of an ERISA Plan, or (iii) a person or entity the assets of which constitute assets of an ERISA Plan."

(k) **Acknowledgments.** Each party acknowledges that:

(i) the proprietary trading and other activities and transactions of the other party and its Affiliates, including risk management transactions entered into or to be entered into in connection with, or in anticipation of, the establishment, maintenance or termination of a particular Transaction, may affect the level of a market price, rate or index underlying a Transaction, the price and terms on which such other party or other dealers are willing to enter into or unwind or terminate a Transaction and the valuations provided by such other party;

(ii) the "indicative" or "midmarket" valuations of a Transaction provided to it by the other party from time to time may not represent (1) the price at which a new Transaction may be entered into, (2) the price at which the Transaction may be liquidated or unwound, (3) the price at which the Transaction is or would be carried on such other party's books; (4) the price at which a similar Transaction might be available from another dealer in the market or (5) the calculation or estimate of an amount that would be payable following the designation of an Early Termination Date under Section 6(e) or otherwise of this Agreement;

(iii) (1) absent an express written agreement to the contrary, neither party has undertaken an obligation to unwind or terminate a Transaction prior to its scheduled termination date and (2) the provision by a party of a valuation or indicative unwind price does not constitute an undertaking to unwind or terminate any Transaction at that price unless the party providing such price expressly so indicates in connection with the provision of such price;

(iv) (1) neither party has undertaken an obligation to quote a price or terms for entering into or unwinding or terminating a Transaction prior to its scheduled termination date, (2) if a party provides such a quote, the price or other terms provided may not be the most favorable price or terms available in the market and (3) except as expressly agreed in writing, the price and terms on which a Transaction is entered into or unwound or terminated have been or will be individually negotiated and no representations or warranties are given with respect to such price or terms;

(v) the parties are dealing at arm's-length and neither party is acting as a fiduciary or financial, investment, trading or other adviser for the other party;

(vi) it assumes sole responsibility for (1) evaluating and understanding all of the terms, conditions and risks (economic and otherwise) of this Agreement, any Credit Support Document, each Transaction and any other documentation relating to this Agreement and (2) determining (x) the suitability or appropriateness thereof in light of its circumstances, (y) the extent to which it is necessary or appropriate to consult with its own legal, regulatory, tax, business, investment, financial, and accounting advisers or to obtain additional information or analyses, and (z) whether the rates, prices or amounts and other terms of each Transaction and the indicative quotations (if any) provided by the other party are acceptable to it in light of relevant factors, including rates, prices, amounts or other terms available in the relevant market; and

(vii) each party is entering into, and determining its responsibilities in connection with, this Agreement, any Credit Support Document and each Transaction in reliance upon the accuracy of the representations and acknowledgments of the other party contained in this Agreement, any Credit Support Document, each Confirmation and any other documentation relating to this Agreement.

- (l) **Section 6(e)(iii).** Section 6(e)(iii) of this Agreement shall be amended to include the following sentences after the existing sentence:

“In addition to and notwithstanding anything to the contrary in the preceding sentence of this Section 6(e)(iii), if an Early Termination Date is deemed to have occurred under Section 6(a) as a result of Automatic Early Termination, the Defaulting Party hereby agrees to indemnify the Non-Defaulting Party on demand against all loss or damage that the Non-Defaulting Party may sustain or incur in respect of each Transaction as a result of movement in interest rates, currency exchange rates or market quotations between the Early Termination Date and the date (the “Determination Date”) upon which the Non-Defaulting Party obtains the information confirming the existence of the Event of Default leading to the deemed Early Termination Date under Section 6(a) that has been derived from reasonably reliable source of information, including publicly available information, such as Telerate, Reuters, Financial Times and The Wall Street Journal.

If the Non-Defaulting Party shall determine that it would gain or benefit from the movement in interest rates, currency exchange rates or market quotations between the Early Termination Date and the Determination Date, the amount of such gain or benefit shall be deducted from the amount payable by the Defaulting Party pursuant to Section 6(e)(i)(4).

The Determination Date shall be a date not later than the date upon which creditors generally of the Defaulting Party are notified of the occurrence of the Event of Default leading to the deemed Early Termination Date.”

- (m) **Confirmation Procedures.** For each Transaction that Party A and Party B enter hereunder, Party A shall promptly send to Party B a Confirmation setting forth the terms of such Transaction. Party B shall execute and return the Confirmation to Party A or request correction of any error within five Local Business Days of receipt. Failure of Party B to respond within such period shall not affect the validity or enforceability of such Transaction and shall be deemed to be an affirmation and acceptance of such terms absent manifest error.
- (n) **Recorded Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties or any of their Affiliates in connection with this Agreement or any Transaction or potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and those of its Affiliates and (iii) agrees, to the extent permitted by applicable law, that such recordings may be submitted in evidence in any Proceedings.
- (o) **FDIC Requirements.** If it is a bank or other FDIC insured depository institution subject to the requirements of 12 U.S.C. § 1823(e), Party A represents to Party B at all times hereunder that its execution, delivery and performance of this Agreement (including the Credit Support Annex and each Confirmation) have been approved by its board of directors or its loan committee, such approval is reflected in the minutes of said board of directors or loan committee, and this Agreement (including the Credit Support Annex and each Confirmation) will be maintained as one of its official records continuously from the time of its execution (or in the case of any Confirmation, continuously until such time as the relevant Transaction matures and the obligations therefor are satisfied in full).
- (p) **Insurer Provisions.** Notwithstanding anything in this Agreement to the contrary, the following provisions shall apply to any Transaction to which any financial guaranty insurance policy issued by Assured Guaranty Corp. (“Insurer”), for the account of Party B, as principal, and for the benefit of Party A, as beneficiary (the “Swap Insurance Policy”), relates (the “Insured Transactions”):
- (i) *Early Termination.*
- (A) *Designation of Early Termination Date.* Notwithstanding anything to the contrary in this Agreement (including Section 6 thereof), but subject to Part 4(p)(i)(C), Part 4(p)(i)(D) and Part

4(p)(ii) below, neither Party A nor Party B shall be entitled to designate an Early Termination Date in respect of any Insured Transaction as the result of the occurrence of an Event of Default or a Termination Event unless, either:

- (1) An Insurer Event has occurred and is continuing; or
 - (2) Insurer has otherwise consented in writing to such designation and has determined that it will have no liability under the Swap Insurance Policy as a result of such designation.
- (B) *Insurer Right to Designate Early Termination Date due to Event of Default or Termination Event.* If any Event of Default or Termination Event occurs with respect to Party A or to Party B and no Insurer Event has occurred and is continuing, then Insurer shall have the right (but not the obligation) upon notice to Party A and Party B to designate an Early Termination Date with respect to all Insured Transactions with the same effect as if such designation were made by the Non-defaulting Party or the party that is not the Affected Party, as the case may be. For purposes of the foregoing sentence, an Event of Default with respect to Party B shall be considered to be continuing, notwithstanding any payment by Insurer under the Swap Insurance Policy. The parties acknowledge that unless Insurer designates an Early Termination Date pursuant to this subparagraph (ii) (as opposed to merely consenting to such designation by one of the parties) payments due from Party B because an Early Termination Date has been designated will not be insured by the Swap Insurance Policy.
- (C) *Party A Right of Termination.* If any Event of Default or Termination Event occurs with respect to Party B as the Defaulting Party or the Affected Party, as applicable, Party A may exercise its right to designate an Early Termination Date in respect of all, and not less than all, Insured Transactions if, and only if, either:
- (1) An Insurer Event has occurred and is continuing; or
 - (2) (x) Party A acknowledges, in a manner acceptable to Insurer, that Party A has no claim for payment under the Swap Insurance Policy and waives any right to make such a claim and (y) Party B would not be required to make a payment on the Early Termination Date.
- (D) *Party B Right to Terminate with Insurer's Consent.* If any Event of Default or Termination Event occurs with respect to Party A as the Defaulting Party or the Affected Party, as applicable, Party B shall not designate an Early Termination Date with respect to any Insured Transaction without the prior written consent of Insurer (unless an Insurer Event under Part 4(p)(iii)(A), (C) or (D) has occurred and is continuing), provided, however, that Party B may exercise the right to designate an Early Termination Date with respect to all, and not less than all, Insured Transactions if: (i) no Event of Default, Potential Event of Default or Termination Event with respect to Party B has occurred and is then continuing; and (ii) prior to designating an Early Termination Date, Party B demonstrates to the satisfaction of Insurer and Insurer, in its sole discretion, concurs in writing that either (x) Party B has sufficient funds to pay any amount (including the Settlement Amount (if any)) payable by Party B under this Agreement as a result of such early termination and that the payment of such amounts will not cause Party B to be in default under the Covered Indenture or any of its other financing documents including, but not limited to, its monetary obligations thereunder, or (y) Party B would not be required to make any payment on the Early Termination Date as a result of the early termination and its obligations under this Agreement will terminate and be satisfied in full.
- (E) *Isolation of Insured Transactions in Designating an Early Termination Date.* Notwithstanding Section 6 of this Agreement, any designation of an Early Termination Date in respect of Insured Transactions by Insurer or by Party A with the consent of Insurer shall apply only to the Insured Transactions and not to any other Transaction under this Agreement, unless Party A shall designate an Early Termination Date in respect of such other Transaction. Nothing contained in this paragraph shall affect the rights of Party A under this Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which

designation shall not apply to the Insured Transactions unless (x) expressly provided in such designation and (y) if this Part 4(p)(i) requires it, Insurer shall have designated, or consented to the designation by Party A of, an Early Termination Date in respect of the Insured Transactions in accordance with this Agreement.

- (ii) *Party B Additional Termination Events.* The following shall constitute an Additional Termination Event in respect of which the Affected Party shall be Party B and all Insured Transactions shall be Affected Transactions:

Party A has notified Party B that an Insurer Event has occurred, no Event of Default or Termination Event, in either case, with respect to Party B is then continuing, and Party B fails, within one Business Day of receiving such notice from Party A, either (i) to provide an alternate credit support document acceptable to Party A from a credit support provider with (A)(1) a claims-paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or (2) an unenhanced rating on its unsecured and unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's and (B) acceptable to Party A; or (ii) to give Party A notice that it will thereafter be subject to the ISDA Credit Support Annex attached hereto as Exhibit A as both a Secured Party and a Pledgor in accordance with the terms of such ISDA Credit Support Annex.

- (iii) *Insurer Events.* The occurrence or existence of any of the following events or circumstances shall each be considered an "Insurer Event":

(A) Insurer becomes subject to conservation, liquidation or receivership proceedings under the Maryland insurance laws;

(B) The failure of the Insurer at any time to have one out of two of the following ratings (including, but not limited to, in the event of a withdrawal or suspension of any such ratings): (I) a claims-paying ability rating of "A-" or higher from S&P or (II) a financial strength rating of "A3" or higher from Moody's.

(C) Insurer fails to make any payment when due to Party A under the terms and conditions set forth in the Swap Insurance Policy and such failure continues at the time of designation of such Early Termination Date; and

(D) (i) Any material provision of the Swap Insurance Policy is declared to be null and void or otherwise not valid and binding on Insurer by a court or other governmental agency of appropriate jurisdiction or (ii) the validity or enforceability thereof is contested by Insurer or any governmental agency or authority of appropriate jurisdiction, or Insurer denies in writing that it has any or further liability or obligation under the Swap Insurance Policy.

- (iv) *Party A Additional Termination Events.* The occurrence or existence of the following event shall constitute an Additional Termination Event in respect of which the Affected Party shall be Party A and all Insured Transactions shall be Affected Transactions:

the rating of the long-term, unsecured, unenhanced senior debt (not taking into account any third party credit enhancement) of Party A is withdrawn, suspended or falls below (1) Baa2 as determined by Moody's, or (2) BBB as determined by S&P.

- (v) *Amendments/Waivers.* No amendment, modification, supplement or waiver of this Agreement in respect of any Insured Transaction will be effective unless in writing and signed by each of the parties hereto and Insurer has consented, in writing, to such amendment, modification, supplement or waiver.

- (vi) *Transfers/Assignments/Delegation.* Notwithstanding Section 7 of this Agreement, no Insured Transaction may be assigned or transferred without the prior written consent of Insurer. Any purported

assignment of an Insured Transaction that does not comply with these provisions shall be void and of no effect.

(vii) *No Suspension of Payments.* The conditions precedent set out in Section 2(a)(iii) of this Agreement shall not apply to the obligation of Party A to make any payments due under an Insured Transaction unless an Insurer Event has occurred and is continuing.

(viii) *No Netting.* Notwithstanding Section 2(c) of this Agreement, in no event shall the obligations of a party to make payments in respect of an Insured Transaction be netted against the obligations of the other party to make payments in respect of any Transaction that is not an Insured Transaction, it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other Transactions. Notwithstanding Section 6(e) of this Agreement, the amount payable under Section 6(e) of this Agreement upon the termination of any Insured Transaction shall be determined without regard to any Transaction that is not an Insured Transaction, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by Insurer.

(ix) *Waiver of Set-Off.* Party A hereby waives, for the benefit of Insurer, any right that it may have (whether pursuant to this Agreement or pursuant to any other contract, statute, common law or otherwise) to set off any amounts payable by it to Party B in respect of any Insured Transaction against any amount that may be payable by Party B to it in respect of any Transaction that is not an Insured Transaction or any other agreement or obligation.

(x) *Notice of Downgrade.* Each of Party A and Party B shall provide prompt written notice of any downgrade, withdrawal or suspension of such party's long-term unsecured debt rating or ratings to the Insurer. Failure of a party to provide such notice shall not constitute an Event of Default under this Agreement.

(xi) *Representations and Agreements.* Each of Party A and Party B agrees that each of its representations and agreements in this Agreement is expressly made to and for the benefit of Insurer.

(xii) *Third-party Beneficiary.* Party A and Party B each hereby acknowledge and agree that Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of this Agreement, any Credit Support Document and the obligations of such party under any Insured Transaction, and as such, Insurer is entitled to enforce this Agreement, any Credit Support Document and the terms of any such Insured Transaction against such party on its own behalf and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Insurer, including, but not limited to, fees (including professional fees), costs and expenses incurred by Insurer which are related to, or resulting, from any breach by such party of its obligations hereunder.

(xiii) *Policy Coverage.* Party A and Party B each hereby acknowledge and agree that Insurer's obligations with respect to any Insured Transaction shall be limited to the terms of the Swap Insurance Policy.

(xiv) *Subrogation.* Party A and Party B hereby each acknowledge and agree that, to the extent of any payments made by Insurer to Party A under the Swap Insurance Policy, Insurer shall be fully subrogated to the rights of Party A against Party B in respect of any Insured Transaction, including, but not limited to, the right to receive payment from Party B and to enforce any remedies. Party A hereby agrees to assign to Insurer its right to receive payment from Party B under any Insured Transaction to the extent of any payment thereunder by Insurer to Party A. Party B hereby acknowledges and consents to the assignment by Party A to Insurer of any rights and remedies that Party A has under the Insured Transaction or any other document executed in connection herewith.

(xv) *Additional Representations of Party B.* Party B hereby represents to Party A and Insurer (which representations will be deemed to be repeated by Party B at all times until the termination of this Agreement) that:

- (A) This Agreement has been, and each Transaction under this Agreement will be (and, if applicable, has been), entered into for the purposes of managing Party B's borrowings and not for purposes of speculation.
- (B) Party B has taken all steps necessary or advisable to create and perfect the pledge and security interest required to be created pursuant to Section 4(f) of this Schedule, and such pledge and security interest have been validly created and perfected.
- (C) Any Transaction entered into pursuant to this Agreement together with any transactions that Party B has or may enter into with Party A and/or with any or all other parties does not and will not violate or exceed any limits or restrictions contained in any authorizations, approvals or resolutions of the board of directors, shareholders or other authorized body of Party B.
- (D) The execution and delivery by Party B of this Agreement, each Confirmation and any other documentation relating hereto, and the performance of Party B of its obligations hereunder and thereunder, are in furtherance, and not in violation, of the municipal purposes for which Party B is organized pursuant to the laws of the State of California.
- (E) Neither the execution and delivery by Party B of this Agreement and the performance of its obligations thereunder nor the entry by Party B into any Transaction constitute any kind of investment by Party B that is proscribed by any constitution, charter, law, rule, regulation, government code, constituent or governing instrument, resolution, guideline, ordinance, order, writ, judgment, decree, charge, or ruling to which Party B (or any of its officials in their respective capacities as such) or its property is subject.
- (F) Party B is an "eligible contract participant" as such term is defined in Commodity Exchange Act, as amended.
- (G) The payment obligations of Party B hereunder with respect to Parity Amounts shall rank pari passu with payment of the Related Bonds of Party B under the Indenture of Trust.
- (xvi) *Expenses.* Party B agrees to reimburse Insurer immediately and unconditionally upon demand for all reasonable expenses incurred by Insurer in connection with the issuance of the Swap Insurance Policy and the enforcement by Insurer of Party B's obligations under this Agreement, any Credit Support Document and any other documents executed in connection with this Agreement, including, but not limited to, fees (including reasonable attorney and other professional fees), costs and expenses incurred by Insurer which are related to, or resulting from, any breach by Party B of its obligations hereunder. Interest shall accrue on all such expenses not previously reimbursed, calculated at the Reimbursement Rate from the date of incurrence thereof. "Reimbursement Rate" shall mean the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank, National Association at its principal office in New York, New York as its prime lending rate (any change in such prime rate of interest to be effective on the date such change is announced by JP Morgan Chase Bank, National Association) plus three percent (3%) per annum. The rate of interest shall be calculated on the basis of the actual number of days elapsed over a 360-day year.
- (xvii) *Notices.* For the purposes of Section 10(a) of this Agreement, for each Insured Transaction, a copy of all notices or communications to Party A or Party B shall also be sent to Insurer at: Assured Guaranty Corp, 31 West 52nd Street, New York, New York 10019, Attention Risk Management Department – Public Finance Surveillance, Telephone: (212) 974-0100, Facsimile: (212) 581-3268, Policy No. D-2008- . Party B agrees to notify Party A and Insurer of any modification, amendment or supplement to the Covered Indenture.
- (xviii) *Delivery of Opinions.* Party A and Party B, will each be required to deliver a legal opinion, in form and substance reasonably satisfactory to Insurer, with respect to its respective power and authority to enter into this Agreement and to the enforceability of this Agreement against Party A and Party B, as applicable. Insurer shall be an addressee on each opinion letter.

(xix) *Reference Market-makers.* Notwithstanding any provision of the Agreement to the contrary, a dealer shall not be a "Reference Market-maker" unless the long-term unsecured debt (without credit or structural enhancement) of such dealer or, if relevant, its parent is rated at least "Aa3" by Moody's, "AA-" by S&P or an equivalent rating by a nationally recognized rating service or such dealer is otherwise reasonably satisfactory to the Insurer.

(q) *Default Rate.* The definition of "Default Rate" is amended to read as follows: "Default Rate' means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 2% per annum."

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

WELLS FARGO BANK, N.A.

By: _____

Title: _____

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

By: _____

Title: _____

EXHIBIT A to Schedule

ISDA[®]

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

CREDIT SUPPORT ANNEX

to the Schedule to the

ISDA MASTER AGREEMENT

dated as of _____, 2011

between

WELLS FARGO BANK, N.A.

and

COUNTY OF RIVERSIDE ASSET LEASING
CORPORATION

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:

Paragraph 1. Interpretation

(a) **Definitions and Inconsistency.** Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) **Secured Party and Pledgor.** All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the Pledgor will be to the other party when acting in that capacity; *provided, however*, that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the

Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) **Delivery Amount.** Subject to Paragraphs 4 and 5, upon demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "*Delivery Amount*" applicable to the Pledgor for any Valuation Date will equal the amount by which:

- (i) the Credit Support Amount
exceeds
- (ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) **Return Amount.** Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "*Return Amount*" applicable to the Secured Party for any Valuation Date will equal the amount by which:

- (i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party
exceeds
- (ii) the Credit Support Amount.

"*Credit Support Amount*" means, unless otherwise specified in Paragraph 13, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; *provided, however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) **Conditions Precedent.** Each Transfer obligation of the Pledgor under Paragraphs 3 and 5 and of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that:

- (i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and
- (ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) **Transfer Timing.** Subject to Paragraphs 4(a) and 5 and unless otherwise specified, if a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) **Calculations.** All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) **Substitutions.**

- (i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the "Substitute Credit Support"); and
- (ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13 (the "Substitution Date"); *provided* that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support.

Paragraph 5. Dispute Resolution

If a party (a "Disputing Party") disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

- (i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:
 - (A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute;
 - (B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may be used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction);
 - (C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.
- (ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral

(a) **Care of Posted Collateral.** Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) **Eligibility to Hold Posted Collateral; Custodians.**

(i) **General.** Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral, the Secured Party will be entitled to hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) **Failure to Satisfy Conditions.** If the Secured Party or its Custodian fails to satisfy conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) **Liability.** The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) **Use of Posted Collateral.** Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraphs 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor; and

(ii) register any Posted Collateral in the name of the Secured Party, its Custodian or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support or Posted Credit Support pursuant to Paragraphs 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral pursuant to (i) or (ii) above.

(d) ***Distributions and Interest Amount.***

- (i) ***Distributions.*** Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).
- (ii) ***Interest Amount.*** Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor at the times specified in Paragraph 13 the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

Paragraph 7. Events of Default

For purposes of Section 5(a)(iii)(1) of this Agreement, an Event of Default will exist with respect to a party if:

- (i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;
- (ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or
- (iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) ***Secured Party's Rights and Remedies.*** If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

- (i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;
- (ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support, if any;
- (iii) the right to Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

- (iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) ***Pledgor's Rights and Remedies.*** If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement):

- (i) the Pledgor may exercise all rights and remedies available to a Pledgor under applicable law with respect to Posted Collateral held by the Secured Party;
- (ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;
- (iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and
- (iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may:
 - (A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and
 - (B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) ***Deficiencies and Excess Proceeds.*** The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) ***Final Returns.*** When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement), the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

Paragraph 9. Representations

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

- (i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;
- (ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;
- (iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and
- (iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

Paragraph 10. Expenses

- (a) **General.** Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.
- (b) **Posted Credit Support.** The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit support held by the Secured Party upon becoming aware of the same, regardless of whether any portion of that Posted Credit Support is subsequently disposed of under Paragraph 6(c), except for those taxes, assessments and charges that result from the exercise of the Secured Party's rights under Paragraph 6(c).
- (c) **Liquidation/Application of Posted Credit Support.** All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

Paragraph 11. Miscellaneous

- (a) **Default Interest.** A Secured Party that fails to make, when due, any Transfer of Posted Collateral or the Interest Amount will be obliged to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that the Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.
- (b) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.
- (c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).

(d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) **Demands and Notices.** All demands and notices given by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.

(f) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

Paragraph 12. Definitions

As used in this Annex:—

“**Cash**” means the lawful currency of the United States of America.

“**Credit Support Amount**” has the meaning specified in Paragraph 3.

“**Custodian**” has the meaning specified in Paragraphs 6(b)(i) and 13.

“**Delivery Amount**” has the meaning specified in Paragraph 3(a).

“**Disputing Party**” has the meaning specified in Paragraph 5.

“**Distributions**” means, with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral under Paragraph 6(c). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

“**Eligible Collateral**” means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

“**Eligible Credit Support**” means Eligible Collateral and Other Eligible Support.

“**Exposure**” means for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Transactions (or Swap Transactions) were being terminated as of the relevant Valuation Time; *provided* that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of “Market Quotation”).

“**Independent Amount**” means, with respect to party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

“**Interest Amount**” means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

- (x) the amount of Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by

(z) 360.

“Interest Period” means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

“Interest Rate” means the rate specified in Paragraph 13.

“Local Business Day,” unless otherwise specified in Paragraph 13, has the meaning specified in the Definitions Section of this Agreement, except that references to a payment in clause (b) thereof will be deemed to include a Transfer under this Annex.

“Minimum Transfer Amount” means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

“Notification Time” has the meaning specified in Paragraph 13.

“Obligations” means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

“Other Eligible Support” means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

“Other Posted Support” means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

“Pledgor” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support under Paragraph 3(a).

“Posted Collateral” means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or released by the Secured Party under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in the form of Cash.

“Posted Credit Support” means Posted Collateral and Other Posted Support.

“Recalculation Date” means the Valuation Date that gives rise to the dispute under Paragraph 5; *provided, however,* that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the “Recalculation Date” means the most recent Valuation Date under Paragraph 3.

“Resolution Time” has the meaning specified in Paragraph 13.

“Return Amount” has the meaning specified in Paragraph 3(b).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

“Specified Condition” means, with respect to a party, any event specified as such for that party in Paragraph 13.

“Substitute Credit Support” has the meaning specified in Paragraph 4(d)(i).

“Substitution Date” has the meaning specified in Paragraph 4(d)(ii).

“Threshold” means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

“Transfer” means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

- (i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;
- (ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;
- (iii) in the case of securities that can be paid or delivered in book-entry, the giving of written instruments to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and
- (iv) in the case of Other Eligible Support or Other Posted Support, as specified in Paragraph 13.

“Valuation Agent” has the meaning specified in Paragraph 13.

“Valuation Date” means each date specified in or otherwise determined pursuant to Paragraph 13.

“Valuation Percentage” means, for any item of Eligible Collateral, the percentage specified in Paragraph 13.

“Valuation Time” has the meaning specified in Paragraph 13.

“Value” means for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 5 in the case of a dispute, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
 - (A) Cash, the amount thereof; and
 - (B) a security, the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any;
- (ii) Posted Collateral that consists of items that are not specified as Eligible Collateral, zero; and
- (iii) Other Eligible Support and Other Posted Support, as specified in Paragraph 13.

Paragraph 13. Elections and Variables

(a) **Security Interest for “Obligations”.** The term “Obligations” as used in this Annex means, with respect to a party, all present and future obligations under this Agreement.

(b) **Credit Support Obligations.**

(i) **Delivery Amount, Return Amount and Credit Support Amount; Addition to Paragraph 3.**

(A) **“Delivery Amount”** has the meaning set forth in Paragraph 3(a).

(B) **“Return Amount”** means, for any Valuation Date, an amount equal to the amount by which (i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party exceeds (ii) the Credit Support Amount; provided, however, that following such return, the Value of all Posted Credit Support held by the Secured Party must at least equal the Credit Support Amount.

(C) **“Credit Support Amount”** means for any Valuation Date (i) the Secured Party’s Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) the Pledgor’s Threshold, if any; provided, however, that (x) in the case where the sum of the Independent Amounts applicable to the Pledgor exceeds zero, the Credit Support Amount will not be less than the sum of all Independent Amounts applicable to the Pledgor and (y) in all other cases, the Credit Support Amount will be deemed to be zero whenever the calculation of the Credit Support Amount yields an amount less than zero.

(D) **Addition to Paragraph 3.** The following subparagraph (c) is hereby added to Paragraph 3 of this Annex:

(c) **No offset.** On any Valuation Date, if either (i) each party is required to make a Transfer under Paragraph 3(a) or (ii) each party is required to make a Transfer under Paragraph 3(b), then the amounts of those obligations will not offset each other.

(ii) **Eligible Collateral.** The items set forth on Schedule I hereto will qualify as **“Eligible Collateral”** for the party specified.

(iii) **Other Eligible Support.** There shall be no **“Other Eligible Support”** for either party for purposes of this Annex.

(iv) **Thresholds.**

(A) **“Independent Amount”** shall mean, with respect to Party A and Party B, zero (USD 0.00).

(B) **“Threshold”** as of any date shall be the amount set forth in Schedule II hereto under the caption **“Threshold”** and shall be, with respect to Party A, the amount set forth opposite the rating classification assigned to any long-term unsecured unenhanced senior debt of Party A and, with respect to Party B, shall be the amount set forth opposite the ratings classification assigned to the long-term unenhanced or underlying rating (not taking into account any third party credit enhancement) of the Related Bonds or any bonds issued and secured under the Covered Indenture to refund the Related Bonds, in either case by any Relevant Rating Agency. If at any time (i) any such rating shall be suspended or

withdrawn or (ii) all outstanding long-term unsecured unenhanced senior debt of Party A, with respect to Party A, shall not be rated by either of the Relevant Rating Agencies or, with respect to Party B, the Related Bonds (or any bonds issued and secured under the Covered Indenture to refund the Related Bonds) shall no longer be outstanding or shall not have assigned to them an underlying or unenhanced rating by either of the Relevant Rating Agencies, then, in each case, the Threshold for such party shall be zero (USD 0.00). In the event that the Relevant Rating Agencies issue ratings that are on different levels in Schedule II hereof, the Threshold shall be the amount opposite the lower of the ratings on Schedule II hereto "Relevant Rating Agency" for the purposes hereof means S&P and Moody's.

(C) "**Minimum Transfer Amount**" as of any date shall be the amount set forth in Schedule II hereto under the caption "Minimum Transfer Amount" and shall be, with respect to Party A, the amount set forth opposite the rating classification assigned to any long-term unsecured unenhanced senior debt of Party A and, with respect to Party B, shall be the amount set forth opposite the ratings classification assigned to the long-term unenhanced or underlying rating (not taking into account any third party credit enhancement) of the Related Bonds or any bonds issued and secured under the Covered Indenture to refund the Related Bonds, in either case by any Relevant Rating Agency. If at any time (i) any such rating shall be suspended or withdrawn or (ii) all outstanding long-term unsecured unenhanced senior debt of Party A, with respect to Party A, shall not be rated by either of the Relevant Rating Agencies or, with respect to Party B, the Related Bonds (or any bonds issued and secured under the Covered Indenture to refund the Related Bonds) shall no longer be outstanding or shall not have assigned to them an underlying or unenhanced rating by either of the Relevant Rating Agencies, then, in each case, the Minimum Transfer Amount for such party shall be zero (USD 0.00). In the event that the Relevant Rating Agencies issue ratings that are on different levels in Schedule II hereof, the Minimum Transfer Amount shall be the amount opposite the lower of the ratings on Schedule II hereto "Relevant Rating Agency" for the purposes hereof means S&P and Moody's.

(D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up and down respectively to the nearest integral multiple of \$10,000.

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraphs 4(d)(ii) and 6(d), the Secured Party receiving or deemed to receive the Substitute Credit Support or the Distributions of the Interest Amount, as applicable, provided, however, that for purposes of calculating the Value of Eligible Credit Support or Posted Credit Support, Party A shall be the Valuation Agent unless an Event of Default is continuing with respect to Party A, in which case the Valuation Agent for purposes of calculating the Value of Eligible Credit Support or Posted Credit Support will be a Reference Market-maker that is selected by Party B and is approved by Party A (such approval not to be unreasonably withheld). Party A shall be deemed to have approved the Reference Market-maker selected by Party B if Party A does not reject such selection within five Local Business Days of receipt of notice from Party B identifying such entity.

(ii) "**Valuation Date**" means, with respect to the determination of Exposure, the first Local Business Day of each month or any other Local Business Day upon the reasonable request of either party, and with respect to the determination of Value of Eligible Credit Support or Posted Credit Support, the first Local Business Day of each week or any other Local Business Day upon the reasonable request of either party.

- (iii) **“Valuation Time”** means, with respect to the determination of Exposure, Value of Eligible Credit Support and Posted Credit Support, the close of business on the Local Business Day immediately before the Valuation Date or date of calculation, as applicable.
 - (iv) **“Notification Time”** means 10:00 a.m., New York time on a Valuation Date; provided, however, that, notwithstanding Paragraph 4(b), (x) with regard to Transfers of Eligible Credit Support or Posted Credit Support in the form of Cash, if a request for Transfer is made by the Notification Time, then the relevant Transfer shall be made not later than the close of business on the day on which such request is received, or, if such day is not a Local Business Day or, if such request is received after the Notification Time, not later than the close of business on the next Local Business Day, and (y) with regard to Transfers of other forms of Eligible Credit Support or Posted Credit Support, the relevant Transfer shall be made in accordance with Paragraph 4(b). Notwithstanding anything herein to the contrary, with regard to Transfers of Independent Amounts, the relevant Transfer shall be made by the close of business on the second Local Business Day following the Trade Date of the applicable Transaction.
- (d) **Conditions Precedent and Secured Party’s Rights and Remedies.** There shall be no “Specified Condition” with respect to Party A or Party B.
- (e) **Substitution.**
- (i) **“Substitution Date”** has the meaning specified in Paragraph 4(d)(ii).
 - (ii) The following provision shall be inserted at the end of Paragraph 4(d) (ii): “; provided, further however, that any request to substitute must seek the substitution of Eligible Credit Support or Posted Credit Support in an amount in excess of the Pledgor’s Minimum Transfer Amount”.
- (f) **Dispute Resolution.**
- (i) **“Resolution Time”** means 1:00 p.m., New York time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 5.
 - (ii) **Value.** For the purpose of Paragraphs 5(i)(C) and 5(ii), Party A will determine the Value of Eligible Credit Support or Posted Credit Support consisting of securities based upon the bid quotations of any generally recognized dealer (which may not include Party A or an affiliate of Party A), and adding thereto any interest accrued but not paid to any person with respect to such securities through the day on which the determination is made and multiplying the sum by the applicable Valuation Percentage, if any.
 - (iii) **Alternative.** The provisions of Paragraph 5 will apply, provided, however, that in the event of a dispute regarding the Value of securities which constitute Eligible Credit Support or Posted Credit Support, Party B may submit bid quotations from two other recognized dealers in which case the Value of such securities shall be the mean of the two quotations submitted by Party B.
- (g) **Holding and Using Posted Collateral.**
- (i) **Eligibility to Hold Posted Collateral; Custodians.** A party or its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b) provided that (i) such party is not a Defaulting Party, (ii) Posted Collateral may be held only in the following jurisdictions: New York, California and North Carolina, (iii) the party or entity holding the Collateral maintains a Credit Rating of at least A- from S&P and A3 from Moody’s and (iv) the Custodian is a bank or trust company having total assets in excess of \$10 billion.

For purposes of this Paragraph 13(g)(i), "**Credit Rating**" means, for a party or entity on any date of determination, the respective rating then assigned to it or to its unsecured and unsubordinated long-term debt, deposit or certificate of deposit obligations by either S&P or Moody's. If such ratings are assigned by both S&P and Moody's, then its Credit Rating for purposes of this Annex will be the lower of such ratings.

Initially Party A shall not be using a Custodian and initially the Custodian for Party B shall be as set forth in a written notice delivered to Party A to the address and in the manner as set forth in Paragraph (k).

(ii) **Use of Posted Collateral.** The provisions of Section 6(c) will apply to both parties.

(h) **Distributions and Interest Amount.**

(i) **Interest Rate.** The "**Interest Rate**" in respect of U.S. Dollars for any day will be the Federal Funds (Effective) rate published in N.Y. Federal Reserve Statistical Release H.15(519) for that day (or if that day is not a New York Business Day, then for the next preceding New York Business Day).

(ii) **Transfer of Interest Amount.** Transfers of the Interest Amount will be made in arrears on the first Local Business Day of each calendar month.

(iii) **Alternative to Interest Amount.** The provisions of Paragraph 6(d)(ii) will apply, provided, however, that the Interest Amount will not be subject to compounding.

(i) **Additional Representations.**

Party A and Party B each represent to the other (which representation will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) no consent, approval or other authorization of any governmental authority is required in connection with the Transfer of Eligible Collateral hereunder.

(ii) its assets exceed its liabilities.

(j) **Other Eligible Support and Other Posted Support.**

(i) "**Value**" with respect to Other Eligible Support and Other Posted Support shall not be applicable.

(ii) "**Transfer**" with respect to Other Eligible Support and Other Posted Support shall not be applicable.

(k) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Annex, provided, that the address for Party A for such purposes shall be:

Wells Fargo Bank, N.A.
550 South Tryon Street, 7th Floor
Coll Mgmt – MAC-D1086-070

Charlotte, NC 28202
Attention: Collateral Management
Fax: (704) 410-8515
Phone: (704) 410-8116
Email: collateral.mgmt@wellsfargo.com;

and the address for Party B for such purposes shall be:

County of Riverside Asset Leasing Corporation
County Administrative Center
4080 Lemon Street, 12th Floor
Riverside, CA 92501
Attention: Dean Deines
Facsimile No.: (909) 955-1105
Telephone No.: (909) 955-1127

(l) **Other Provisions.**

- (i) **Form of Collateral.** All non-Cash Eligible Credit Support or Posted Credit Support Transferred to either party shall be recorded in book entry form by a Federal Reserve Bank, as fiscal agent, and Pledgor shall (i) deliver to Secured Party a listing of such credit support by title (or series), unpaid principal amount and maturity date and (ii) cause a Federal Reserve bank to hold such credit support for the account of the Secured Party or the Custodian (in a custody account), as applicable, in the name of the Secured Party or Custodian, as applicable.
- (ii) **Care of Posted Collateral.** Supplementing the provisions of Paragraph 6(a), the Secured Party shall also be deemed to have exercised reasonable care if it takes such action for that purpose as the Pledgor shall reasonably request in writing (but no omission to comply with any such request shall of itself be deemed a failure to exercise reasonable care).
- (iii) **Use of Posted Credit Support.** Supplementing the provisions of Paragraph 6(c), the Secured Party may notify the obligors on any Posted Collateral to make payment to the Secured Party or its nominee or transferee of any amounts due thereon and to take control or grant its nominee the right to take control of any proceeds of any Posted Collateral.
- (iv) **Collateral Account; Place of Transfers.** Transfers of Eligible Credit Support by the Pledgor to the Secured Party shall be made for credit to an account of the Secured Party at such commercial bank in New York City, San Francisco, CA or Charlotte, NC as shall be designated by the Secured Party. The Pledgor agrees that the Secured Party shall have absolute control over the Pledgor's Collateral Account and that the Pledgor shall have no right to make any withdrawal from the Pledgor's Collateral Account. Upon request of the Secured Party, the Pledgor shall use its best efforts to cause such bank to deliver a letter to the Secured Party, in form and substance reasonably satisfactory to the Secured Party, in which such bank agrees to waive or acknowledges its waiver, with respect to such account, of any general lien and any right of setoff against the Pledgor.
- (v) **U.S. Bankruptcy Code Provisions.** (x) All Transfers of Posted Collateral hereunder (including the grant of a security interest in Posted Collateral hereunder) are "transfers" "under" the Agreement within the meaning of Section 546(g) of the United States Bankruptcy Code; and (y) to the extent any Transaction constitutes a "forward contract" within the meaning of the United States Bankruptcy Code, transfers of Posted Collateral under the Annex are intended to be "margin payments" within the meaning of Section 101(38) of the United States Bankruptcy Code.

- (vi) **Notices.** Notwithstanding Section 12 of the Agreement, any communication by a party ("X") to the other party ("Y") requesting the delivery or return of Eligible Credit Support or Posted Credit Support pursuant to Section 3 of this Annex may be given orally (including telephonically to the telephone number of Y set forth in subparagraph (k) above, or any other telephone number Y may notify X of in writing) during normal business hours in the city in which Y is located on any Local Business Day to any officer, employee or agent of Y which identifies himself or herself as being permitted to receive oral communications on behalf of Y with respect to this Annex. Any such oral communication will be deemed received and effective when actually received by any such officer, employee or agent of Y. X shall deliver to Y, within one Local Business Day following receipt of an oral or written request by Y, a written confirmation of any such oral communication.
- (vii) **Secured Party's Rights and Remedies.**
- (a) Supplementing the provisions of Paragraph 8(a), the Pledgor irrevocably appoints the Secured Party its attorney-in-fact, with full authority in its place and stead and in its name or otherwise, from time to time in the Secured Party's discretion, to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Annex, including without limitation:
- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any Posted Collateral and to perform all other acts as fully as though the Secured Party were the absolute owner of the Posted Collateral for all purposes,
- (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) above, and
- (iii) to file any claims or take any action or institute any proceedings which the Secured Party may deem necessary or desirable for the collection of any of the Posted Collateral or otherwise to enforce the rights of the Secured Party with respect to any Posted Collateral.
- (b) Further supplementing the provisions of Paragraph 8(a) and 13(a), the Secured Party may apply Eligible Credit Support or Posted Credit Support to pay any amounts due by Pledgor to Secured Party pursuant to this Agreement, including any Transaction, and any other amounts then due by Pledgor to Secured Party or its Affiliates under any other contractual arrangements between them.
- (viii) **Actions Hereunder.** Either party may take any actions hereunder, including liquidation rights, through its Custodian.
- (ix) **Severability.** Any provision of this Annex which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- (x) **Successors.** This Annex and all obligations of the Pledgor hereunder shall be binding upon the successors and assigns of the Pledgor and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party and its respective successors and assigns.

- (xi) **No Third Party Rights.** This Annex has been and is made solely for the benefit of Party A and Party B and their respective assigns, and no other person, partnership, association, corporation or other entity shall acquire or have any right under or by virtue of this Annex.

- (xii) **Agreement as to Single Secured Party and Pledgor.** Party A and Party B agree that, notwithstanding anything to the contrary in the recital to this Annex, Paragraph 1(b) or Paragraph 2 or the definitions in Paragraph 12, unless an Insurer Event as defined in Part 4(p)(iii) of the Schedule has occurred and Party B elects, in accordance with Part 4(p)(ii) of the Schedule, to be subject to this Annex as both a Pledgor and Secured Party in accordance with the terms of this Annex to preclude the occurrence of an Additional Termination Event with respect to Party B thereunder, (I) the term "Secured Party" as used in this Annex means only Party B, (II) the term "Pledgor" as used in this Annex means only Party A, (III) only Party A makes the pledge and grant in Paragraph 2, the acknowledgment in the final sentence of Paragraph 8(a) and the representations in Paragraph 9 and (IV) only Party A will be required to make Transfers of Eligible Credit Support pursuant to Paragraph 3(a) hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Annex as of the date first above written.

WELLS FARGO BANK, N.A.

COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION

By: _____
Name: Harold E. Sprague
Title: Authorized Signatory
Date:

By: _____
Name:
Title:
Date:

Schedule I

| | Party A | Party B | Valuation Percentage |
|--|-------------------------------------|-------------------------------------|----------------------|
| (A) Cash | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 100% |
| (B) (x) Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of: | | | |
| (i) one year or under | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 100% |
| (ii) more than one year but not more than 10 years | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 98% |
| (iii) more than 10 years but not more than 30 years | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 95% |
| (C) Any other collateral acceptable to the Secured Party in its sole discretion | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | * |

* The Valuation Percentage shall be determined by the Valuation Agent from time to time and in its sole discretion.

Schedule II

| <u>Moody's</u> | <u>S&P</u> | <u>Threshold</u> | <u>Minimum Transfer Amount</u> |
|----------------|----------------|------------------|--------------------------------|
| Baa2 or higher | BBB or higher | Infinite | \$100,000 |
| Baa3 or below | BBB- or below | Zero | \$100,000 |