

REPURCHASE AGREEMENT

THIS REPURCHASE AGREEMENT (the "Agreement") dated as of December 23, 1998 is entered into by and among STATE STREET BANK AND TRUST COMPANY, as trustee (the "Trustee") under the Resolution defined below, NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as custodian (the "Custodian"), and WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH, a German public law banking institution acting through its New York Branch (the "Seller"). All capitalized terms used herein and not defined shall have the meaning assigned in Article I hereof.

WITNESSETH:

WHEREAS, the Bonds were issued by the Trust pursuant to the Resolution;

WHEREAS, the Resolution establishes various trust funds and accounts for the receipt and disbursement of moneys, all as more fully set forth in the Resolution;

WHEREAS, pursuant to the Resolution, the Trust hereby directs the Trustee to invest certain moneys held by the Trustee under the Resolution with the Seller pursuant to the terms and provisions of this Agreement;

WHEREAS, the Seller is willing, on the terms and conditions set forth in this Agreement, to accept the investment of such moneys by the Trustee; and

WHEREAS, the parties hereto intend this Agreement to constitute a contract for the sale and repurchase of Purchased Securities.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein set forth, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"*Bankruptcy Code*" shall mean the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, as amended.

"*Bond Documents*" shall collectively mean this Agreement, the Resolution, the Bonds and any other agreement or instrument relating to the Bonds or their issuance.

"*Bonds*" shall mean the Trust's \$128,815,000 Subordinate Revenue Refunding Bonds (New Bedford Program), 1998 Series A, issued pursuant to the Resolution.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other day on which commercial banks are required or authorized to be closed in New York, New York, Minneapolis, Minnesota or Boston, Massachusetts.

"*Custodian*" shall mean Norwest Bank Minnesota, National Association, Minneapolis, Minnesota.

"*Custodian's Delivery Instructions*" shall mean the Custodian's delivery instructions set forth in Exhibit B hereto or such other delivery instructions designated by the Custodian in a written notice to the Seller.

"*Custody Account*" shall mean the custody account of the Custodian or, in the case of book entry securities, the Custodian's custody account with the FRB or the PTC, as applicable, into which the Purchased Securities are transferred by the Seller and held in trust pursuant to this Agreement.

"*Custody Agreement*" shall mean the Custody Agreement among the Seller, the Trustee and the Custodian relating to this Agreement.

"*Downgrade Event*" shall mean the withdrawal, suspension or reduction in the rating assigned to the Seller's senior unsecured long-term debt obligations by Moody's, S&P or Fitch below "Aa2," "AA" or "AA," respectively.

"*Earnings*" shall have the meaning set forth in Section 5.01(a) hereof.

"*Earnings Payment Date*" shall mean each date on which the Seller shall pay Earnings to the Trustee, as set forth in Exhibit A hereto and any other date on which the Seller shall pay Earnings to the Trustee hereunder.

"*Effective Date*" shall mean December 23, 1998 or such later date specified by the Trustee by at least one Business Day's prior written notice to the Seller and the Custodian.

"*Federal Funds Rate*" shall mean, for any day, the rate per annum rounded upwards, if necessary, to the nearest 1/100th of 1%, equal to the weighted average of the rates of overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers as published for such day (or if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Seller from three federal funds brokers of recognized standing selected by the Seller.

"*Fitch*" shall mean Fitch IBCA, Inc. and any successor thereto.

"*FRB*" shall mean that Federal Reserve Bank Branch, in which the Custodian is a "Member Bank" within the meaning of 31 C.F.R. § 306.115(g).

"*Fund*" shall mean the Subordinate Debt Service Reserve Account created pursuant to Section 502 of the Resolution and the Deficiency Reserve Fund created pursuant to the Resolution.

"*Income*" shall mean all amounts payable on the Purchased Securities, including all principal, interest, dividends or other distributions made with respect thereto.

"Invested Funds" shall mean, except as otherwise provided herein, an amount equal to the sum of (a) the Purchase Price held by the Seller plus (b) except as otherwise provided herein, all amounts which have accrued on the Purchase Price held by the Seller at the Rate of Earnings which have not yet been paid to the Trustee, minus (c) the aggregate amount paid by the Seller to the Trustee as Repurchase Price for Purchased Securities that have been repurchased from time to time on or prior to the date of determination by the Seller from the Trustee pursuant to the terms hereof.

"Market Value" shall mean, with respect to any Purchased Security on any day, the price for such Purchased Security on such date obtained by the Custodian from a generally recognized source or the most recent closing bid quotation from such a source, plus any accrued interest or other income on such Purchased Security unpaid to the Seller.

"Matured Default" shall have the meaning set forth in Section 7.02(a) hereof.

"Maturity Date" shall mean the Maturity Date specified in Exhibit A hereto.

"Moody's" shall mean Moody's Investors Service and any successor thereto.

"Permitted Investments" shall mean securities of the types specified under the heading Permitted Investments in Exhibit C hereto.

"Permitted Purpose" shall have the meaning set forth in Section 2.03 hereof.

"Person" shall mean any natural person, corporation, partnership, association, trust, joint venture, public body or other legal entity.

"PTC" shall mean the Participant Trust Company, a clearing corporation for securities issued by the Government National Mortgage Association.

"Purchase Date" shall mean each date, which shall be a Business Day, on which the Seller sells and the Trustee purchases Purchased Securities. The initial Purchase Date hereunder shall be February 1, 1999.

"Purchase Price" shall mean, on any date, the aggregate amount paid by the Trustee to the Seller for the purchase of Purchased Securities.

"Purchased Securities" shall mean those securities, which shall be Permitted Investments, sold and transferred by the Seller to the Trustee pursuant to this Agreement and held in the Custody Account from time to time, including any substitutions therefor permitted hereunder.

"Rate of Earnings" shall mean 5.455% per annum calculated on the daily outstanding balance of Invested Funds (exclusive of Earnings) until the Termination Date on the basis of a 360-day year consisting of twelve 30-day months.

"Replacement Securities" shall mean securities constituting Permitted Investments that the Seller may purchase under the conditions set forth in Section 7.05.

"*Repurchase Date*" shall mean any date on which the Seller is obligated hereunder to repurchase Purchased Securities from the Trustee.

"*Repurchase Price*" shall mean, on any Repurchase Date, the amount designated by the Trustee pursuant to Section 4.01, or as otherwise provided herein, to be paid by the Seller on such date to repurchase Purchased Securities.

"*Required Transfer Actions*" shall have the meaning assigned in Section 5.06.

"*Resolution*" shall collectively mean the resolution of the Trust adopted March 4, 1993, as amended, entitled "Water Pollution Abatement Project Bond Financing Program," the resolution of the Trust adopted June 20, 1996, as amended through December 10, 1998, entitled "Water Pollution Abatement Project Bond Resolution (New Bedford Program)," and the resolution of the Trust adopted December 10, 1996 (entitled "Second Supplemental Under Pollution Abatement Project Bond Resolution (New Bedford Program)."

"*S&P*" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"*SEC*" shall mean the United States Securities and Exchange Commission and any successor thereto.

"*Securities Account*" shall have the meaning assigned in U.C.C. Rev. Art. 8 Section 8-501(a).

"*Security Amount*" shall mean an amount equal to (a) the Invested Funds multiplied by (b) the Security Ratio.

"*Security Ratio*" shall mean, with respect to each type of security constituting the Permitted Investments, the corresponding percentage set forth in Exhibit C hereto.

"*Security Value*" shall mean, on any date, the Market Value of Purchased Securities held by the Custodian in the Custody Account plus the amount of any Income held by the Trustee.

"*Seller's Delivery Instructions*" shall mean the Seller's delivery instructions set forth in Exhibit B hereto or such other delivery instructions designated by the Seller in a written notice to the Custodian.

"*Seller's Wire Instructions*" shall mean the Seller's wire transfer instructions set forth in Exhibit B hereto or such other wire transfer instructions designated by the Seller in a written notice to the Custodian.

"*SIPA*" shall mean the Securities Investor Protection Act of 1970, as amended.

"*Substitute Securities*" shall mean securities constituting Permitted Investments that the Seller may substitute for any Purchased Securities pursuant to the terms set forth in Section 5.04.

"Termination Date" shall mean the earlier of (a) the date on which this Agreement terminates in accordance with the terms hereof, (b) the date on which the Seller repurchases all Purchased Securities purchased with the Invested Funds at the applicable Repurchase Price and on which the Seller has received written notice that the Trustee shall purchase no additional Purchased Securities with moneys to be allocated to such Fund pursuant to Section 3.04 or on which the Trustee is not entitled to purchase additional Purchased Securities under such Section, or (c) the date specified as the Maturity Date in Exhibit A hereto.

"Trust" shall mean the Massachusetts Water Pollution Abatement Trust.

"Trustee's Wire Instructions" shall mean the Trustee's wire transfer instructions set forth in Exhibit B hereto or such other wire transfer instructions designated by the Trustee in a written notice to the Seller.

"U.C.C." shall mean the Uniform Commercial Code as adopted by the State of New York.

"U.C.C. Rev. Art. 8" shall mean the Uniform Commercial Code, Revised Article 8, Investment Securities (with Conforming and Miscellaneous Amendments to Articles 1, 3, 4, 5, 9 ("U.C.C. Rev. Art. 9") and 10), 1994 Official Text, as adopted by the National Conference on Uniform Laws.

ARTICLE II

RECITALS

The parties agree to all the terms and conditions of this Agreement in consideration of their respective covenants contained in this Agreement and for the following reasons:

Section 2.01. Purpose of Bonds. The Trust has issued Bonds pursuant to the Resolution for the purposes stated therein.

Section 2.02. Trust Funds. The Resolution established various trust funds and accounts for the receipt and disbursement of moneys in accordance with the provisions of the Resolution.

Section 2.03. Purpose of Investment. The Invested Funds constitute amounts transferred to the Fund under the Resolution, which funds, under the Resolution, are to be withdrawn by the Trustee solely for a Permitted Purpose. Permitted Purposes are those uses permitted by the Resolution for the Fund which shall be limited to repurchases which are (a) necessary to avoid payment default on the Bonds, (b) in connection with a partial or complete refunding or redemption of the Bonds, (c) in connection with a complete defeasance of the Bonds, (d) scheduled or permitted withdrawals from the Fund or (e) to preserve the tax-exempt status of the Bonds or other bonds under the Resolution. In no event shall a Permitted Purpose be a withdrawal of Invested Funds for the purpose of reinvestment during the period that the Bonds remain outstanding under the Resolution. Furthermore, the Trustee may not request the Seller to repurchase Purchased Securities in connection with the delivery of a letter of credit, surety bond or other security instrument in substitution for the cash held in the Fund.

Section 2.04. Sale. The Seller desires to sell Purchased Securities to the Trustee on the terms set forth herein.

Section 2.05. Safeguarding Investment. The Trustee desires to safeguard and receive and disburse the Invested Funds, in accordance with the terms of the Resolution.

ARTICLE III

INVESTMENT AND PURCHASE

Section 3.01. Purchase and Sale. On each Purchase Date the Seller shall sell Purchased Securities to the Trustee having a Market Value equal to an amount which is not less than the amount of the Purchase Price paid by the Trustee to the Seller on such Purchase Date multiplied by the Security Ratio by delivery of such Purchased Securities to the Custodian pursuant to the Custodian's Delivery Instructions against payment of such Purchase Price by the Trustee to the Seller. Upon receipt, the Custodian shall deposit the Purchased Securities into the Custody Account. The Purchased Securities transferred to the Custodian pursuant to this Agreement shall be held on the books and records of the Custodian in the name of the Trustee, subject to the terms of this Agreement and the Custody Agreement. The Seller shall allocate the Purchase Price received from the Trustee as being transferred from the Funds as provided herein.

Section 3.02. Initial Purchase. On the Initial Purchase Date the Seller shall sell and deliver the Purchased Securities to the Custodian against payment of the Purchase Price by the Trustee to the Seller in the amount of \$788,567.69 and in the manner provided in Section 3.01.

Section 3.03. Replenishment. Following any Repurchase Date on which the Seller repurchases Purchased Securities from the Trustee with the Invested Funds allocated to the Fund, the Trustee may purchase from the Seller additional securities constituting Permitted Investments, selected by the Seller, upon the Trustee providing two Business Days' prior written notice to the Seller and the Custodian, which notice shall state the Purchase Date (which shall be a Business Day), the Purchase Price to be paid, that such purchase is being made pursuant to this Section and the source of such Purchase Price. The Seller agrees to sell and transfer to the Trustee securities constituting Permitted Investments (which upon the sale to the Trustee shall constitute Purchased Securities), selected by the Seller, on such Purchase Date against payment of the Purchase Price as provided in Section 3.01 so long as (a) the Seller has received the notice from the Trustee described above in this Section; (b) such Purchase Date occurs within one Business Day of the Repurchase Date on which the Seller repurchased Purchased Securities with amounts transferred from the Fund by the Trustee; and (c) the Purchase Price paid for the Permitted Investments purchased by the Trustee pursuant to this Section on such Purchase Date does not exceed the Repurchase Price paid by the Seller on the prior Repurchase Date referenced in clause (b) of this Section.

Section 3.04. Additional Purchases. On or after the Effective Date, the Trustee may purchase from the Seller additional securities constituting Permitted Investments, selected by the Seller, upon the Trustee providing two Business Days' prior written notice to the Seller, which notice shall state the applicable Purchase Date (which shall be a Business Day), the Purchase Price to be paid, that such purchase is being made pursuant to this Section and the source of such

Purchase Price. The Seller shall and hereby agrees to sell to the Trustee and transfer to the Custodian securities constituting Permitted Investments (which upon the sale to the Trustee shall constitute Purchased Securities), selected by the Seller, on such Purchase Date against payment of such Purchase Price as provided in Section 3.01 so long as (a) the Seller has received the notice from the Trustee described above in this Section and (b) the amount of the Invested Funds (exclusive of the amount of accrued but unpaid Earnings) allocated to the Fund shall at no time exceed \$8,600,000. Exhibit E is attached hereto as the anticipated purchase schedule for the Fund.

ARTICLE IV

SELLER'S REPURCHASE AND TRUSTEE'S RESALE OBLIGATION

Section 4.01. Sale and Repurchase. Upon receipt by the Seller of written demand from the Trustee in the form of Exhibit D hereto, the Trustee shall sell, and the Seller shall repurchase, Purchased Securities on the Repurchase Date set forth in such demand (which shall be no earlier than one Business Day following the Seller's receipt of such written demand from the Trustee), such Purchased Securities having a Repurchase Price equal to that set forth therein. The Trustee shall deliver a copy of each such written demand to the Custodian at the same time such demand is delivered to the Seller. All sales and repurchases hereunder shall be effected by the Custodian delivering the Purchased Securities to be repurchased, which shall have a Market Value not less than the Repurchase Price multiplied by the Security Ratio, to the Seller pursuant to the Seller's Delivery Instructions against payment by the Seller of the Repurchase Price to the Trustee. The Seller shall designate the Purchased Securities to be repurchased on each Repurchase Date; provided, however, if the Seller shall fail to give such designation, the Purchased Securities to be repurchased shall be selected by the Custodian. Exhibit E is attached hereto as the anticipated repurchase schedule for the Fund.

Section 4.02. Final Repurchase on Maturity Date. On the Maturity Date, the Seller shall repurchase all remaining Purchased Securities held in the Custody Account and any Income held by the Custodian or the Trustee, if any, for a Repurchase Price equal to the amount of the Invested Funds held by the Seller.

Section 4.03. Limitations on Repurchase. Prior to the Termination Date and except as otherwise provided in this Agreement, the Seller shall have no right or obligation to repurchase Purchased Securities without the written consent of or a demand for repurchase by the Trustee. The Trustee may only request the Seller to repurchase Purchased Securities for Permitted Purposes.

Section 4.04. Election to Terminate.

(a) In the event the Trustee elects to terminate this Agreement, which may only be made to the extent permitted hereunder, such election shall be made by the Trustee in writing, in the form of Exhibit D hereto, delivered to the Seller at least one Business Day prior to the requested Termination Date. On the date specified in such notice, termination of this Agreement will be effected by transfer to the Seller pursuant to the Seller's Delivery Instructions of all Purchased Securities not previously repurchased

and any Income held by the Custodian or the Trustee against the transfer of the applicable Repurchase Price to the Trustee.

(b) If the Trustee elects to terminate this Agreement pursuant to the preceding paragraph, and is able to reinvest such funds (and any additional funds which would have been delivered to the Seller pursuant to this Agreement) with another entity pursuant to an agreement, the terms and conditions of which are substantially identical to this Agreement and the substitution of which does not adversely affect the investment rating, if any, assigned to the Bonds, the Trustee, with the consent of or upon direction of the Trust, shall so invest the withdrawn Invested Funds and accrued Earnings. If the Trustee is not able to reinvest the withdrawn Invested Funds and Earnings in such a manner, the Trustee shall invest said funds (and any additional funds which would have been delivered to the Seller pursuant to this Agreement) upon the best terms and conditions which it may obtain through the exercise of reasonable efforts and with the consent of or upon direction of the Trust, in which case the Seller shall pay to the Trustee on the date determined, as described below, the present value of the difference between (i) the amounts which would have been payable hereunder with respect to all such funds on such Repurchase Date had such funds been left on deposit through the Termination Date and (ii) the amounts actually realized by the Trustee through each such date of calculation, if any such present value amount shall be determined in such manner as is mutually acceptable to the Seller and the Trustee.

Section 4.05. Reimbursement. If at any time during the term of this Agreement by the Trustee's request that the Seller repurchase all or any portions of the Purchased Securities (other than those permitted under Section 4.01, 4.02, 4.04, 7.02 or 9.18 and not prohibited under Section 4.03) which cause the Seller to break its deposit(s) or other funding arrangements with other institutions, the Trustee shall promptly reimburse the Seller in an amount equal to the penalties, losses, costs, expenses, damages and other charges as are incurred by the Seller as a result of such breaking by the Seller of its deposits(s) or other funding arrangements. Any such payment shall be present valued on the basis of the remaining term of this Agreement and the interest rate borne by United States Treasury securities of comparable term. A certificate as to the amount of such penalties, losses, costs, expenses, damages or other charges submitted by the Seller to the Trustee shall be conclusive absent manifest error as to the amount thereof. Such certificate shall set forth the calculation of such amount in reasonable detail.

ARTICLE V

PURCHASED SECURITIES

Section 5.01. Earnings and Income.

(a) **Earnings.** The Invested Funds shall accrue Earnings in an amount equal to the product of the daily balance of the Invested Funds (exclusive of Earnings) and the Rate of Earnings. In lieu of the Trustee retaining Income on the Purchased Securities, Earnings on the Invested Funds shall be payable by the Seller on each Earnings Payment Date and the Termination Date, in immediately available funds, and paid to the Trustee pursuant to the Trustee's Wire Instructions.

(b) **Income.** All Income on the Purchased Securities received by the Trustee or the Custodian shall be paid to the Seller on the same Business Day and in the same form as received.

Section 5.02. Valuation. During the term of this Agreement, the Security Value shall equal or exceed the Security Amount. The Market Value of the Purchased Securities held in the Custody Account shall be determined by the Custodian on a weekly basis, and otherwise upon any withdrawal or substitution of Purchased Securities in accordance with Sections 5.03 and 5.04. If upon any such valuation the Custodian determines that the Security Value is less than the Security Amount, the Custodian shall provide written notice of such occurrence to the Seller and Trustee. The Seller shall transfer to the Custodian within two Business Days of the Seller's receipt of such written notice from the Custodian, additional securities constituting Permitted Investments identified in this Agreement for deposit into the Custody Account pursuant to the Custodian's Delivery Instructions having a Market Value sufficient to cause the Security Value to equal or exceed the Security Amount. Permitted Investments so transferred shall be deemed Purchased Securities.

Section 5.03. Withdrawals. The Seller may, from time to time by delivery of written notice to the Trustee and the Custodian, withdraw Purchased Securities held by the Custodian so long as immediately after such withdrawal the Security Value shall be equal to or greater than the Security Amount. Such notice shall state the Purchased Securities to be withdrawn and the date of withdrawal. Upon receipt of such notice, the Custodian shall deliver the Purchased Securities identified in such notice to the Seller pursuant to the Seller's Delivery Instructions so long as the Security Value after such transfer to the Seller is equal to or greater than the Security Amount.

Section 5.04. Substitutions. The Seller may, from time to time, substitute Substitute Securities for any Purchased Securities by delivery of written notice to the Trustee and the Custodian stating the Purchased Securities being substituted for, the Substitute Securities and the date of substitution. The Seller shall deliver the Substitute Securities to the Custodian pursuant to the Custodian's Delivery Instructions against the transfer by the Custodian of the Purchased Securities being substituted for, to the Seller pursuant to Seller's Delivery Instructions. Such substitution shall occur so long as the Security Value after completion of such transfers is equal to or greater than the Security Amount. After substitution, the Substitute Securities shall be deemed to be Purchased Securities hereunder.

Section 5.05. Segregation and Ownership of Purchased Securities. All Purchased Securities in the possession of the Custodian shall be held in the Custody Account segregated from other securities in its possession, free and clear of all liens and encumbrances, except as provided herein, and shall be identified as subject to this Agreement. The Custody Account shall at all times be maintained within the State of Minnesota. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial intermediary or a clearing corporation. Title to all Purchased Securities shall pass to the Trustee on each Purchase Date upon transfer of the Purchase Price related thereto to the Seller or other transfer of Purchased Securities to the Custodian pursuant to the terms hereof and shall revert to the Seller upon each Repurchase Date with respect to that portion of such Purchased Securities repurchased on such Repurchase Date; provided, however, that the Trustee and the Custodian

shall be precluded from engaging in repurchase transactions with the Purchased Securities or otherwise pledging, hypothecating, selling or transferring the Purchased Securities and, in any event, neither the Trustee nor the Custodian shall be relieved of its obligations to transfer Purchased Securities to the Seller pursuant to the terms hereof, or of the obligation to credit or pay Income to the Seller pursuant to the terms hereof.

Section 5.06. Transfers of Purchased Securities.

(a) *Method of Transfer.* All transfers of Purchased Securities made pursuant to this Agreement (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred delivery versus payment on the book-entry system of a Federal Reserve Bank or the PTC, as applicable, pursuant to the Required Transfer Actions, or (iii) shall be transferred by any other method mutually acceptable to the Seller, the Trustee and the Custodian.

(b) *Required Transfer Actions.* For purposes of this Agreement, Required Transfer Actions shall, as applicable, be as follows:

(i) *Transfers of Non-GNMA Purchased Securities.* When effecting transfers of Purchased Securities constituting book-entry obligations issued by the United States of America or any agency thereof other than the Government National Mortgage Association described in paragraph (ii) of this Section, the Trustee, the Custodian and the Seller covenant that each will (A) effect such transaction in accordance with applicable federal regulations, and the U.C.C., directly with the FRB or through a depository institution which is a "Participant" as defined in the applicable federal regulations; (B) if effected directly with the FRB, such obligations shall be credited to the Custodian's Securities Account at the FRB; (C) if effected through such a depository institution, cause such depository institution (1) to have credited to such institution's Securities Account at the FRB such book-entry obligations, (2) to confirm to the Custodian the purchase thereof and (3) by book-entry, to credit such book-entry obligations to the Trustee's Securities Account at such depository institution; and (D) by book-entry, identify such obligations as belonging to the Trustee in a trust capacity under the Agreement. In addition, the Custodian shall confirm to the Trustee each transfer of a Purchased Security to the Custodian.

(ii) *Transfers of GNMA Purchased Securities.* Where the Purchased Securities constitute a security issued by the Government National Mortgage Association which is subject to the control of PTC, the Custodian shall (A) determine (1) if such is a certificated security in the custody of PTC or a custodian bank or a nominee of PTC, that it is in bearer form or endorsed in blank by an appropriate person or registered in the name of PTC or such other entity or (2) if such is not a certificated security, that it is registered in the name of PTC or a custodian bank or a nominee of PTC, (B) cause appropriate entries to be made on the books of PTC, decreasing the account of the transferor by the amount of

such securities and increasing the account of the Custodian maintained at PTC by the amount of such securities and (C) by book-entry, identify such securities as belonging to the Trustee subject to this Agreement.

ARTICLE VI

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 6.01. Mutual Representations and Warranties. Each of the Trustee, the Custodian and the Seller represents and warrants to the others that (a) it is duly authorized to enter into this Agreement and the transactions contemplated hereunder; (b) the Person or Persons signing this Agreement on its behalf is duly authorized to act on its behalf; (c) it has all power and authority to undertake the transactions contemplated by this Agreement; and (d) except as contemplated by this Agreement, it has not and will not pledge, hypothecate, grant a security interest in, sell or otherwise encumber the Purchased Securities.

Section 6.02. Trustee's Representations, Warranties and Covenants. The Trustee represents, warrants and covenants to the Seller that (a) the Invested Funds held by the Seller from time to time pursuant to this Agreement shall be derived from funds and accounts established pursuant to the Resolution; and (b) the Trustee is authorized by the Resolution to enter into this Agreement and the transactions contemplated hereunder. The Trustee's representations and warranties in this Agreement are made in reliance on the Trust's direction to the Trustee to enter into this Agreement.

Section 6.03. Custodian's Representations, Warranties and Covenants. The Custodian represents, warrants and covenants to the Trustee and the Seller that (a) it is a "Member Bank" of the FRB and covenants that it will maintain a book-entry securities account with the FRB and not through any financial intermediary; (b) it will cause book entries to be made by the FRB with respect to each Purchased Security transferred to such account with the FRB pursuant to this Agreement in accordance with applicable federal regulations; (c) it is and, at all times relevant hereto, will continue to be a participant in PTC and does and shall, at all times relevant hereto, maintain a securities account with PTC, and shall cause all Purchased Securities, which are securities issued by the Government National Mortgage Association, to be registered with PTC; (d) it shall only take possession of Purchased Securities in good faith; and (e) it shall take delivery and possession of all Purchased Securities in the ordinary course of its business and without notice or knowledge of adverse claim.

Section 6.04. Seller's Representations, Warranties and Covenants. The Seller represents, warrants and covenants to the Trustee and the Custodian that (a) the obligation of the Seller to repurchase the Purchased Securities, to pay the Repurchase Price therefor and to pay Earnings hereunder constitutes an obligation of the Seller which is subject, in the case of payment of the Repurchase Price, to Trustee making proper demand hereunder, but is otherwise unconditional; (b) the Seller will engage in the transactions hereunder as a principal; and (c) the Seller shall cause all purchased securities which may be transferred over the Federal Reserve System Wire Transfer System to be transferred over such system to the account maintained by the Custodian with the FRB, or in the case of transfers through a depository as described in Section 5.06(b) the account of such depository maintained with the FRB, except in the case of

securities issued by the Government National Mortgage Association which shall be transferred through PTC to the account maintained by the Custodian with PTC.

Section 6.05. Survival. All representations and warranties made by the Trustee, the Custodian or the Seller in this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution hereof.

ARTICLE VII

DEFAULT; REMEDIES

Section 7.01. Default by Seller. In the event that (a) bankruptcy, receivership, assignment for the benefit of creditors or other insolvency proceeding is initiated by or against the Seller; (b) the Seller fails to make any payment required under this Agreement when due; (c) the Seller fails to make any required transfer of Purchased Securities to the Custodian when due; (d) any representation of or warranty furnished by the Seller to the Trustee or the Trust hereunder is, in some material respect, false or misleading; or (e) the Seller fails to observe any covenant under this Agreement other than those described in clauses (b) and (c) of this Section 7.01, the Seller shall be in default. The Seller agrees to notify the Trustee and the Trust immediately upon the occurrence of any default hereunder.

Section 7.02. Trustee's Remedies.

(a) Upon the occurrence of a default under Section 7.01, the Trustee may pursue its remedies under this Section 7.02 upon (i) the occurrence of a default described in Section 7.01(a), (ii) Trustee's delivery of notice to the Seller of the occurrence of a default described in Section 7.01(e) and the failure of the Seller to cure such default within 30 days of Seller's receipt of notice from the Trustee, or (iii) Trustee's delivery of notice to the Seller of the occurrence of a default described in Sections 7.01(b) or 7.01(c) and the failure of the Seller to cure a default within one Business Day of Seller's receipt of notice from the Trustee (any of the foregoing, a "Matured Default").

(b) Upon the occurrence of a Matured Default, the Trustee may, and upon the direction of the Trust shall, (i) direct the Custodian, if other than the Trustee, to transfer the Purchased Securities into the custody account of the Trustee at its Federal Reserve Bank Branch, (ii) direct the Custodian, if other than the Trustee, to register Purchased Securities in definitive or certificated form not payable to bearer, in the name of the Trustee (or its nominee) in its capacity as Trustee under the Resolution, or (iii) sell the Purchased Securities or direct the Custodian to sell the Purchased Securities, as applicable, and apply the proceeds thereof and any Income to unpaid Repurchase Price owed by the Seller; provided, however, that the Seller shall remain liable for any deficiency after application of such proceeds of sale, including costs and expenses incurred by the Trustee, the Custodian and the Trust. The Trustee may, in lieu of so selling all or a portion of such Purchased Securities, elect to give the Seller credit for such Purchased Securities in an amount equal to the prevailing prices therefor in a recognized market against such aggregate unpaid Repurchase Price.

(c) Upon the occurrence of a Matured Default, the Trustee may, and upon the direction of the Trust shall, proceed directly against the Seller to secure any remedy, either equitable or for the payment of moneys due, without resorting to any right or remedy that either of the Trust or the Trustee may have with respect to any of the Permitted Investments or other assets of the Seller held by the Trust, the Trustee or the Custodian.

(d) In the event of the Seller's insolvency, receivership or bankruptcy, the Repurchase Date for all Purchased Securities then held by the Custodian shall be deemed to immediately occur and the Repurchase Price constituting all Invested Funds and accrued but unpaid Earnings shall become immediately due and payable.

Section 7.03. Default by Trustee or Custodian. In the event that (a) the Trustee or the Custodian shall fail to deliver repurchased Purchased Securities or Income at the times required hereunder, which failure continues for one Business Day following receipt of notice from the Seller of such failure, (b) the Trustee or the Custodian shall fail to observe or perform any other covenant hereunder which continues uncured for 30 days after receipt of written notice from Seller of such failure or (c) any representation or warranty of the Trustee or the Custodian furnished to the Seller hereunder is, in some material respect, false or misleading, the Seller may pursue any remedy provided in Section 7.05.

Section 7.04. Default by the Trust. In the event the Trust shall breach any of the covenants set forth in Sections 9.15, 9.16 and 9.17 or shall otherwise fail to perform any of its obligations hereunder which failure continues for 30 days after receipt of written notice from the Seller of such failure, the Seller may pursue any remedy provided in Section 7.05(e).

Section 7.05. Seller's Remedies. Upon the occurrence of a default described in Section 7.03 or Section 7.04, the Seller may, at its option, exercise any or all of the following:

(a) Declare an immediate Repurchase Date for all remaining Purchased Securities held in the Custody Account, and the Custodian shall be obligated immediately to transfer or cause to be transferred all Purchased Securities to the Seller for a Repurchase Price equal to the amount of Invested Funds then held by the Seller;

(b) Require that the Trustee and the Custodian immediately deliver or cause to be delivered to the Seller all Income on the Purchased Securities then held;

(c) Purchase replacement securities constituting Permitted Investments of the same class and amount as the Purchased Securities that were not transferred to it as required hereunder. Such purchases may be made in any recognized market at such prices as the Seller may reasonably deem satisfactory. The Trustee, the Custodian and the Trust shall be liable to the Seller for any excess of the price paid for such replacement securities (which price shall include accrued interest) by the Seller over the Repurchase Price which would have been applicable to the Purchased Securities if properly transferred. The Seller may, in lieu of so purchasing Replacement Securities, be deemed to have purchased Replacement Securities at the price therefor obtained from any recognized market on such date as the Seller may deem reasonably satisfactory;

(c) Upon the occurrence of a Matured Default, the Trustee may, and upon the direction of the Trust shall, proceed directly against the Seller to secure any remedy, either equitable or for the payment of moneys due, without resorting to any right or remedy that either of the Trust or the Trustee may have with respect to any of the Permitted Investments or other assets of the Seller held by the Trust, the Trustee or the Custodian.

(d) In the event of the Seller's insolvency, receivership or bankruptcy, the Repurchase Date for all Purchased Securities then held by the Custodian shall be deemed to immediately occur and the Repurchase Price constituting all Invested Funds and accrued but unpaid Earnings shall become immediately due and payable.

Section 7.03. Default by Trustee or Custodian. In the event that (a) the Trustee or the Custodian shall fail to deliver repurchased Purchased Securities or Income at the times required hereunder, which failure continues for one Business Day following receipt of notice from the Seller of such failure, (b) the Trustee or the Custodian shall fail to observe or perform any other covenant hereunder which continues uncured for 30 days after receipt of written notice from Seller of such failure or (c) any representation or warranty of the Trustee or the Custodian furnished to the Seller hereunder is, in some material respect, false or misleading, the Seller may pursue any remedy provided in Section 7.05.

Section 7.04. Default by the Trust. In the event the Trust shall breach any of the covenants set forth in Sections 9.15, 9.16 and 9.17 or shall otherwise fail to perform any of its obligations hereunder which failure continues for 30 days after receipt of written notice from the Seller of such failure, the Seller may pursue any remedy provided in Section 7.05(e).

Section 7.05. Seller's Remedies. Upon the occurrence of a default described in Section 7.03 or Section 7.04, the Seller may, at its option, exercise any or all of the following:

(a) Declare an immediate Repurchase Date for all remaining Purchased Securities held in the Custody Account, and the Custodian shall be obligated immediately to transfer or cause to be transferred all Purchased Securities to the Seller for a Repurchase Price equal to the amount of Invested Funds then held by the Seller;

(b) Require that the Trustee and the Custodian immediately deliver or cause to be delivered to the Seller all Income on the Purchased Securities then held;

(c) Purchase replacement securities constituting Permitted Investments of the same class and amount as the Purchased Securities that were not transferred to it as required hereunder. Such purchases may be made in any recognized market at such prices as the Seller may reasonably deem satisfactory. The Trustee, the Custodian and the Trust shall be liable to the Seller for any excess of the price paid for such replacement securities (which price shall include accrued interest) by the Seller over the Repurchase Price which would have been applicable to the Purchased Securities if properly transferred. The Seller may, in lieu of so purchasing Replacement Securities, be deemed to have purchased Replacement Securities at the price therefor obtained from any recognized market on such date as the Seller may deem reasonably satisfactory;

(d) Refuse to sell any additional Permitted Investments to the Trustee pursuant to Sections 3.03 or 3.04; or

(e) Exercise such other rights or remedies which may be available to it at law or in equity.

ARTICLE VIII

INTERPRETATION

Section 8.01. Acknowledgement of Agreement. The parties agree that this Agreement constitutes a "repurchase agreement" which qualifies as such within the meaning of and as used in Sections 101, 559 and other sections of the Bankruptcy Code (11 U.S.C. §§ 101, 559), and that the Trustee, the Custodian and the Seller qualify as "repo participants" as that term is defined and used in Sections 101, 559 and other sections of the Bankruptcy Code. Such agreement is of the essence of this Agreement. Notwithstanding anything in this Agreement that may be to the contrary, the parties acknowledge that as a repurchase agreement this Agreement is one which provides for the transfer of securities that are direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States against the transfer of funds by the transferee of such securities with a simultaneous agreement by such transferee to transfer to the transferor thereof securities as described above, at a date certain after such transfers.

Section 8.02. Government Securities Act. The parties acknowledge and agree that the Permitted Investments are "government securities" as defined in the Government Securities Act of 1986 (15 U.S.C. § 78c(a)(42)), that this Agreement and the transactions contemplated by it are subject to the Government Securities Act of 1986, and that this Agreement complies with applicable regulations governing custodial holdings of government securities by depository institutions (17 C.F.R. Part 450).

Section 8.03. Disclosure Relating to Certain Federal Protections. The parties acknowledge that they have been advised that:

(a) if one of the parties is a broker or dealer registered with the SEC under Section 15 of the 1934 Act, the Securities Investor Protection Corporation has taken the position that the provisions of SIPA do not protect the other party with respect to the transactions contemplated hereunder;

(b) if one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15c of the 1934 Act, SIPA will not provide protection to the other party with respect to the transactions contemplated hereunder; and

(c) if one of the parties is a financial institution, funds held by the financial institution pursuant to this Agreement are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

Section 8.04. Errors. A party prejudiced by an error or failure in funds or securities transfers shall be compensated by the party committing the error by prompt payment of interest for the lost availability of funds in accordance with the following formula:

$$\text{Interest} = \frac{(\text{amount of funds lost}) (\text{Federal Funds Rate}) (\text{number of days funds lost})}{\text{divided by } 360}$$

In all other respects, transfers and transactions in Purchased Securities shall be governed by prevailing security industry standards, and funds transfers and transactions shall be governed by prevailing banking industry standards.

Section 8.05. Section References. References herein to any Section shall be a reference to the corresponding Section of this Agreement unless otherwise provided herein.

Section 8.06. Grant of Security Interest. Although the Seller acknowledges that it has sold to the Trustee with an obligation to repurchase the Purchased Securities, as additional protection to the Trust and the Trustee and to secure the Seller's obligations to the Trust and the Trustee under this Agreement in the event that a court or other tribunal of competent jurisdiction shall find otherwise, the Seller hereby grants a security interest to the Trustee for the benefit of the Trust in all of its right, title and interest, whether now existing or hereafter acquired, in and to the Custody Account and all Purchased Securities or other securities or instruments in or in transit to the Custody Account pursuant to this Agreement, in all interest, distributions and collections thereon, in all substitutions, replacements, additions and proceeds thereof, free and clear of any liens or encumbrances.

Section 8.07. Perfection. The parties acknowledge that, in the event that a court or other tribunal of competent jurisdiction shall find that the Seller has not sold to the Trustee with an obligation to repurchase the Purchased Securities, the Trustee (for the Trust) has and will retain a perfected ownership and security interest in the Purchased Securities and any other securities or instruments in the Custody Account pursuant to the transactions contemplated by this Agreement, superior to the claims of interest of any other person or entity, that the Custodian and/or its agent constitutes a bailee, financial intermediary or third person, with notice within the meaning of applicable Treasury Regulations and other relevant federal regulations concerning book-entry securities and the U.C.C., and that the Custodian, if other than the Trustee, is an agent of the Trustee and the Trust, and not of the Seller, for the purpose of perfecting a security interest in the Purchased Securities on behalf of the Trustee for the Trust.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Waiver; Amendment; Remedies Cumulative. No failure or delay on the part of the Seller or the Trustee in exercising any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of the Seller and the Trustee hereunder are cumulative and are not exclusive of any rights or remedies provided by law or in any other contract between the Trustee, the Trust, the

Custodian and the Seller. None of the terms or provisions of this Agreement may be waived, modified or amended, except in writing duly signed by the Seller, the Trustee and the Custodian, and all other prior agreements, proposals, and understandings with respect to this Agreement are merged herein.

Section 9.02. Assignability. This Agreement shall be binding upon the Trustee, the Custodian and the Seller, and upon their successors and assigns. The obligations arising out of this Agreement or any part hereof, shall not be sold, pledged, assigned or otherwise transferred by any party hereto without the prior written consent of the other parties hereto and the Trust, and any such attempted sale, pledge, assignment or transfer shall be void *ab initio*; provided, however, that any successor to the Trustee as trustee under the Resolution shall be considered a successor in interest to the Trustee with respect to this Agreement without the necessity of obtaining the prior written consent of the Seller or the Trust.

Section 9.03. Mitigation of Loss. In the event this Agreement shall become unenforceable by operation of law, the rights and obligations hereunder shall terminate and the parties hereto agree to mitigate losses and damages to the other parties hereto.

Section 9.04. Notices. Except and only to the extent as otherwise expressly permitted, all notices pursuant to this Agreement shall be in writing, be effective on receipt thereof and shall either be personally delivered, couriered or express mailed, postage prepaid, to the attention of the persons listed in Exhibit B hereto and to the party intended as the recipient thereof at the address of such party set forth in Exhibit B, or at such other address or to the attention of such other person as such party shall have designated for such purpose in a written notice complying as to delivery with the terms of this paragraph; provided, however, that in any case in which notice hereunder is required to be delivered in writing, such notice may be given by facsimile transmission, if promptly confirmed in writing.

Section 9.05. Survival. All warranties and representations made by the Trust, the Trustee or the Seller in this Agreement or in any of the instruments or documents delivered pursuant to this Agreement regardless of any investigation made shall be considered to have been relied upon by each other party hereto and survive the delivery of any instruments or documents.

Section 9.06. No Third Party Benefits. The parties hereto agree that the Trust shall be a third-party beneficiary of this Agreement. Nothing expressed or implied herein is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the Trust, any right, remedy or claim by reason of this Agreement or any term hereof (including any right of set-off or counterclaim), and all terms contained herein shall be for the sole and exclusive benefit of the parties hereto and the Trust or their respective successors and permitted assigns.

Section 9.07. Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE-OF-LAW RULES; PROVIDED, HOWEVER, THAT IF AND TO THE EXTENT THAT IT SHALL BE NECESSARY IN CONNECTION WITH THIS AGREEMENT TO CONSTRUE ANY BOND DOCUMENT OTHER THAN THIS AGREEMENT, SUCH OTHER BOND DOCUMENT SHALL BE

GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE SPECIFIED THEREIN.

Section 9.08. No FDIC Insurance. Deposits made with the Seller are *not* insured by the Federal Deposit Insurance Corporation.

Section 9.09. Counterparts. This Agreement may be executed in one or more counterparts and when each party hereto has executed and delivered at least one counterpart, this Agreement shall become binding on all parties and such counterparts shall be deemed to be one and the same document.

Section 9.10. Non-Business Days. If any payment or transfer hereunder is due on a day which is not a Business Day, such payment or transfer shall be made on the immediately succeeding day which is a Business Day.

Section 9.11. Monthly Reports by the Custodian. By the 15th day of each month, the Custodian agrees to send a written report to the Trustee, the Trust and the Seller. Such reports shall provide, as of the end of the preceding month, (a) the name of the Trust and the Bonds and (b) the Market Value of the Purchased Securities as of the most recent date required by Section 5.02.

Section 9.12. Monthly Reports by the Seller. By the 15th day of each month, the Seller agrees to send a written report to the Custodian, the Trust and the Trustee. Such reports shall provide, as of the end of the preceding month, (a) the name of the Bonds, (b) the balance of Invested Funds invested pursuant to this Agreement as of the beginning of the month, (c) the amount of Earnings accrued during such month, (d) the amount of Earnings, if any, paid during such month, (e) the amount of purchases and repurchases, if any, during such month and (f) the balance of Invested Funds invested pursuant to this Agreement as of the end of the month.

Section 9.13. Consent to Jurisdiction, Venue and Service of Process. The Trust (to the extent permitted by law), the Trustee, the Custodian and the Seller irrevocably (a) agree that any suit, action or other legal proceeding, as between the Trust, the Trustee, or the Custodian and the Seller, arising out of or relating to this Agreement may be brought in the courts of the United States of America located in the Southern District of New York, (b) consent to the jurisdiction of each such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The Trust, the Trustee, the Custodian and the Seller also irrevocably consent to the service of any and all process in any such action or proceeding by mailing of copies of such process to the Trust, the Trustee, the Custodian or the Seller, as applicable, at its respective address provided in Exhibit B. The Trust, the Trustee, the Custodian and the Seller agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. All mailings under this Section shall be by certified mail, return receipt requested.

Section 9.14. The Role of the Seller, the Custodian and the Trustee. It is expressly understood and agreed that in performing its obligations neither the Seller nor any of its

directors, officers, employees or agents is acting as a fiduciary or agent of the Trustee, the Trust, the holders of the Bonds or any other party, and neither the Seller nor any of its directors, officers, employees or agents shall be liable or responsible for: (a) the payment of any amounts owing on or with respect to the Bonds; (b) the use or application by the Trustee of any moneys payable to the Trustee hereunder; (c) any acts or omissions of the Trustee under or with respect to the Bonds or the Resolution; (d) the validity or enforceability of the Bonds or the Resolution; or (e) the Trustee's performance of its obligations under Bond Documents. Without limiting the foregoing, regardless of whether the Seller has reviewed the Resolution or is generally familiar with the terms of resolutions of a similar type, the Seller shall have no duty to comply with the terms of the Resolution or to ascertain whether the Trustee is in compliance therewith. The Trustee recognizes that the Seller may have other business relationships with the Trust and with other entities or persons party to any of the Bond Documents. For purposes of this Agreement, it shall not be necessary for the Seller to segregate or otherwise separately identify or account for the portion of Invested Funds credited to the Fund (except for purposes of calculating and paying Earnings thereon and withdrawals with regard thereto), and the Seller may aggregate all the Invested Funds for accounting purposes. The Trustee shall maintain complete and accurate records identifying the principal amount of Invested Funds and Earnings thereon credited to the Fund.

The Custodian is hereby appointed as the agent of the Trustee to act as custodian for the Purchased Securities. The Custodian hereby accepts such appointment and agrees to act in such capacity hereunder. The Custodian is acting solely as custodian of the Securities as agent for the Trustee hereunder and under the Custody Agreement in accordance with the terms hereof and thereof. The Custodian may be removed at any time (with or without cause) by written notice from the Trustee delivered to the Custodian and the Seller. A replacement custodian may be appointed by the Trustee, with the prior written consent of the Seller, which consent shall not be unreasonably withheld. Upon such removal or if for any reason the Custodian ceases to or is unable to act as custodian hereunder, the Custodian shall deliver all Purchased Securities and any Income held by the Custodian to the Trustee or to a successor custodian, as directed by the Trustee. If no successor custodian is so appointed, Trustee shall be custodian hereunder.

It is expressly understood that the Trustee is entering into this Agreement and the transactions contemplated hereby solely in the capacity of Trustee under the Resolution and not in its individual capacity. In no event shall the institution serving as Trustee be personally liable for the obligations of the Trustee under this Agreement.

Section 9.15. Notice to Seller of Refunding. The Trust and the Trustee shall notify the Seller in writing, at the same time the Trustee notifies the holders of the Bonds, or, if earlier, at the time any action is taken to effect a partial or complete refunding of the Bonds.

Section 9.16. Information Regarding the Seller. The Trust hereby agrees that it will not, nor will it permit any other person to, include in any offering circular, information, memorandum or other description of the Bonds any information relating to the Seller without the Seller's prior written consent, which consent shall not be unreasonably withheld. The Seller hereby consents to the inclusion of the information relating to the Seller in the Official Statement dated December 10, 1998 and the use of the same in subsequent disclosures.

Section 9.17. Certain Prohibited Actions. The Trust shall not sell to any third party an instrument granting to the holder thereof any rights relating to the exercise of any call or redemption feature of the Bonds.

Section 9.18. Downgrade Event.

(a) If a Downgrade Event shall occur during the term of this Agreement, the Seller shall provide written notice of the Downgrade Event to the Trustee within ten (10) Business Days of the Downgrade Event.

(b) Following a Downgrade Event, the Seller shall have the right to either (i) provide written evidence from S&P, Moody's and Fitch that the obligation of the Seller to make payments under this Agreement is rated equal to or higher than the ratings specified in the definition of Downgrade Event or (ii) transfer to the Trustee or its agent such additional Permitted Investments identified to this Agreement having a Market Value sufficient to satisfy the reasonable requirements of Moody's, S&P and Fitch necessary to maintain the then current rating on the Bonds. If within 10 days of Seller's receipt of a written request from the Trustee (which request shall be given at the direction of the Trust and shall describe the type and amount of Permitted Investments required to satisfy the provisions of Subsection (b)(ii) of this Section) following withdrawal, suspension or such downgrade to take such action as described in this Subsection, the Seller does not take such action, then the Trustee shall thereafter have the right but not the obligation upon written notice to the Seller to terminate this Agreement in accordance with the procedures for termination set forth in Section 4.04.

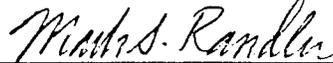
Section 9.19. Interpretation. Unless otherwise provided herein, all references herein to any Section shall constitute a reference to the corresponding Section of this Agreement and all references herein to any Exhibit shall constitute a reference to the corresponding Exhibit attached to this Agreement. All words used herein shall be construed to be of such gender or number as the circumstances require. Each of the parties hereto represents that it has reviewed this Agreement and has had an opportunity to negotiate to amend or modify its terms, and accordingly, the rule of construction that any ambiguities are to be resolved against the drafting party or parties shall not be employed in the interpretation of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Repurchase Agreement to be duly executed and delivered as of the date and year first above written.

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

By 
Peter R. Chabot
Vice President

By 
Mark S. Randles
Vice President

[Signatures continued on following page]

[Signature page to Repurchase Agreement]

STATE STREET BANK AND TRUST
COMPANY, as Trustee

By 
Name Alison Della Bella
Title Assistant Vice President

[Signatures continued on following page]

[Signature page to Repurchase Agreement]

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION, as Custodian

By *Scott R. Rice*
Name **Scott R. Rice**
Title **Trust Officer**

ACKNOWLEDGEMENT, AGREEMENT AND DIRECTION

The Trust hereby acknowledges the aforesaid Agreement and agrees to perform its obligations as set forth in Sections 9.13, 9.15, 9.16 and 9.17 and to be bound by the provisions thereof. In addition, the Trust directs the Trustee to execute the Agreement and to perform all duties required of it under the Agreement and represents that the Agreement constitutes an Investment Obligation as defined under the Resolution.

IN WITNESS WHEREOF, the undersigned has caused this Acknowledgement and Agreement to be executed by its duly authorized officer and its corporate seal to be hereunto affixed and attested all as of December 23, 1998.

MASSACHUSETTS WATER POLLUTION
ABATEMENT TRUST

By 
Name EDWARD D. SAVAGE
Title EXEC DIRECTOR

EXHIBIT A

Name of Bonds: \$128,815,000 Water Pollution Abatement Trust Subordinate Revenue Refunding Bonds (New Bedford Program) 1998 Series A

Fund: Subordinate Debt Service Reserve Account and Deficiency Reserve Fund

Initial Purchase Price: \$788,567.69

Rate of Earnings: 5.455% per annum

Earnings Calculation Basis: A 360-day year consisting of twelve 30-day months.

Earnings Payment Date: Earnings shall be paid one Business Day prior to each February 1 and August 1, commencing one Business Day prior to August 1, 1999.

Scheduled Repurchase Dates: NONE

Repurchase Dates: Any Business Day which is at least one Business Day following receipt by the Seller of a demand for purchase properly completed.

Maturity Date: February 1, 2026

EXHIBIT B

\$128,815,000
Water Pollution Abatement Trust
Subordinate Revenue Refunding Bonds
(New Bedford Program)
1998 Series A
Debt Service Reserve Fund-A
December 23, 1998

SELLER:

Westdeutsche Landesbank Girozentrale
New York Branch
1211 Avenue of the Americas
New York, NY 10036
Attention: Investment Contract Department
Telephone: (212) 852-6045
Facsimile: 212) 852-6369

SELLER WIRE TRANSFER AND DELIVERY INSTRUCTIONS:

For United States Currency:

Bank of New York
ABA #: 021-000-018
For the Account of Westdeutsche Landesbank Girozentrale, New York Branch
Acct. #: IOC 111-569/WLB
Ref.: Massachusetts Water Pollution Abatement Trust, 1998 Series A

For Securities:

ABA #: 021-000-018
BK of NYC/WESTLBSEC
Ref.: Massachusetts Water Pollution Abatement Trust, 1998 Series A

TRUSTEE:

State Street Bank and Trust Company
Corporate Trust Department
Two International Place
Boston, MA 02110
Attention: Ms. Alison DellaBella
Telephone: (617) 664-5667
Facsimile: (617) 664-5365

TRUSTEE WIRE TRANSFER INSTRUCTIONS:

For United States Currency:

State Street Bank and Trust Co.
ABA #: 011-00-0028
Corporate Trust Division
DDA Account #: 9903-990-1
FFC: 120727
Ref.: MWPAT – 1998 New Bedford

CUSTODIAN:

Norwest Bank Minnesota, National Association
Suite 700
Midwest Plaza, West Tower
801 Nicollet Mall
Minneapolis, MN 55479-0065
Attention: Mr. Scott Rice
Master Trust and Custody
Telephone: (612) 667-6647
Facsimile: (612) 667-6075

CUSTODIAN TRANSFER INSTRUCTIONS:

Cash:

Norwest Bank Minnesota, N.A.
ABA #: 091-000-019
Trust Clearing Account #: 0840245
Attention: Scott Rice
For Further Credit To: 133-444-57
Ref.: Massachusetts Water Pollution Abatement Trust, 1998 Series A

Book Entry Securities:

Minneapolis Federal Reserve
NW Mpls/Trust
ABA #: 091-000-019
Acct #: 1818-7 Trust Clearing
Compass Acct #: 133-444-57
Ref.: Massachusetts Water Pollution Abatement Trust, 1998 Series A

TRUST:

Massachusetts Water Pollution Abatement Trust
12th Floor
One Ashburton Place
Boston, MA 02108
Attention: Mr. Eric S. Berman
Telephone: (617) 367-3900/Ext. 508
Facsimile: (617) 227-1773

EXHIBIT C

Permitted Investments	Security Ratio
1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.	105%
2. Obligations, debentures, notes or other evidences of indebtedness issued by the: Government National Mortgage Association,	112%
Federal Home Loan Mortgage Corporation	115%
Federal National Mortgage Association.	115%
3. Cash	100%

EXHIBIT D

DEMAND FOR REPURCHASE

[DATE]

Westdeutsche Landesbank Girozentrale
New York Branch
1211 Avenue of the Americas
New York, NY 10036

Attention: Investment Contract Department

\$128,815,000
Water Pollution Abatement Trust
Subordinate Revenue Refunding Bonds
(New Bedford Program)
1998 Series A

Dear Sirs:

Pursuant to Section 4.01 of the Repurchase Agreement (the "Agreement") dated as of December 23, 1998, by and among State Street Bank and Trust Company, as Trustee, the Custodian named therein and Westdeutsche Landesbank Girozentrale, acting through its New York Branch (the "Seller"), demand is hereby made that the Seller repurchase Purchased Securities (which shall have a Market Value equal to the Repurchase Price multiplied by the Security Ratio) on [REPURCHASE DATE] for the Repurchase Price of \$_____, which amount is not greater than the amount of the Invested Funds held by the Seller pursuant to the Agreement.

The purpose for which this repurchase is requested is [SPECIFY PURPOSE], which purpose is permitted under the Resolution and the Agreement. The Repurchase Price paid by the Seller shall be used for the foregoing purpose and shall not be used for reinvestment purposes.

This demand is made in accordance with the provisions of the Agreement. Capitalized terms used herein shall have the meanings given to such terms in the Agreement.

Sincerely,

STATE STREET BANK AND TRUST
COMPANY

By _____
Name _____
Title _____

cc: Norwest Bank Minnesota, National Association

Average Life [years]:	22.50
Average Semi-Annual Balance:	\$6,973,147

Final Loan Structuring Analysis
 Debt Service Reserve Fund "A"

Debt Service Reserve Fund "A"			
Date	Deposit	Withdrawal	Balance
23-Dec-98	--	--	--
01-Feb-99	\$788,567.69	\$0.00	\$788,567.69
01-Aug-99	0.00	0.00	788,567.69
01-Feb-2000	985,374.66	0.00	1,773,942.35
01-Aug-2000	0.00	0.00	1,773,942.35
01-Feb-2001	1,159,960.02	0.00	2,933,902.37
01-Aug-2001	0.00	0.00	2,933,902.37
01-Feb-2002	1,178,649.45	0.00	4,112,551.82
01-Aug-2002	0.00	0.00	4,112,551.82
01-Feb-2003	1,197,363.51	0.00	5,309,915.33
01-Aug-2003	0.00	0.00	5,309,915.33
01-Feb-2004	1,236,225.29	0.00	6,546,140.62
01-Aug-2004	0.00	0.00	6,546,140.62
01-Feb-2005	1,259,357.93	0.00	7,805,498.55
01-Aug-2005	0.00	0.00	7,805,498.55
01-Feb-2006	718,780.73	0.00	8,524,279.28
01-Aug-2006	0.00	0.00	8,524,279.28
01-Feb-2007	0.00	0.00	8,524,279.28
01-Aug-2007	0.00	0.00	8,524,279.28
01-Feb-2008	0.00	0.00	8,524,279.28
01-Aug-2008	0.00	0.00	8,524,279.28
01-Feb-2009	0.00	0.00	8,524,279.28
01-Aug-2009	0.00	0.00	8,524,279.28
01-Feb-2010	0.00	0.00	8,524,279.28
01-Aug-2010	0.00	0.00	8,524,279.28
01-Feb-2011	0.00	0.00	8,524,279.28
01-Aug-2011	0.00	0.00	8,524,279.28
01-Feb-2012	0.00	0.00	8,524,279.28
01-Aug-2012	0.00	0.00	8,524,279.28
01-Feb-2013	0.00	0.00	8,524,279.28
01-Aug-2013	0.00	0.00	8,524,279.28
01-Feb-2014	0.00	0.00	8,524,279.28
01-Aug-2014	0.00	0.00	8,524,279.28
01-Feb-2015	0.00	0.00	8,524,279.28
01-Aug-2015	0.00	0.00	8,524,279.28
01-Feb-2016	0.00	0.00	8,524,279.28
01-Aug-2016	0.00	0.00	8,524,279.28
01-Feb-2017	0.00	0.00	8,524,279.28
01-Aug-2017	0.00	0.00	8,524,279.28
01-Feb-2018	0.00	0.00	8,524,279.28
01-Aug-2018	0.00	0.00	8,524,279.28
01-Feb-2019	0.00	0.00	8,524,279.28
01-Aug-2019	0.00	0.00	8,524,279.28
01-Feb-2020	0.00	0.00	8,524,279.28
01-Aug-2020	0.00	0.00	8,524,279.28
01-Feb-2021	0.00	0.00	8,524,279.28
01-Aug-2021	0.00	0.00	8,524,279.28
01-Feb-2022	0.00	0.00	8,524,279.28
01-Aug-2022	0.00	0.00	8,524,279.28
01-Feb-2023	0.00	0.00	8,524,279.28
01-Aug-2023	0.00	0.00	8,524,279.28
01-Feb-2024	0.00	2,516,279.28	6,008,000.00
01-Aug-2024	0.00	0.00	6,008,000.00
01-Feb-2025	0.00	2,962,000.00	3,046,000.00
01-Aug-2025	0.00	0.00	3,046,000.00
01-Feb-2026	0.00	3,046,000.00	0.00
01-Aug-2026	0.00	0.00	0.00
01-Feb-2027	0.00	0.00	0.00
01-Aug-2027	0.00	0.00	0.00
01-Feb-2028	0.00	0.00	0.00
01-Aug-2028	0.00	0.00	0.00
01-Feb-2029	0.00	0.00	0.00
	<u>\$8,524,279.28</u>	<u>\$8,524,279.28</u>	