NEW ISSUE — FULL BOOK ENTRY

In the opinion of McCarter & English, LLP, Bond Counsel to the Trust, assuming compliance by the Trust and the Series 2003 Borrowers with certain tax covenants described herein, under existing law, interest on the Series 2003 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 207 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Series 2003 Bonds, interest on the Series 2003 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2003 Bonds in “adjusted current earnings” of certain corporations. Bond Counsel is further of the opinion that, under existing law, interest on the Series 2003 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. (See “TAX MATTERS” herein.)

The $66,420,000 aggregate principal amount of “Environmental Infrastructure Bonds, Series 2003A” (the “Series 2003 Bonds”) will be issued by the New Jersey Environmental Infrastructure Trust (the “Trust”), the principal of which will be payable, subject to prior redemption, on September 1 in the years shown on the inside cover hereof, upon presentation and surrender thereof to the corporate trust office of Wachovia Bank, National Association, f/k/a First Union National Bank, Morristown, New Jersey, or any successors thereto. Interest on the Series 2003 Bonds will accrue from October 15, 2003, and will be payable on September 1, 2004 and semiannually thereafter on March 1 and September 1 of each year to and including their date of maturity (stated or otherwise). The Series 2003 Bonds will be issued as fully registered bonds in denominations of $5,000 each. Such bonds will be listed in denominations of $5,000 or any whole multiple thereof and, under certain circumstances as more fully described herein, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount, series and maturity in denominations of $5,000 or any whole multiple thereof. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2003 Bonds, payments of the principal and redemption premium, if any, of and interest on the Series 2003 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2003 Bonds. (See “THE SERIES 2003 BONDS” herein.)

The Series 2003 Bonds will be subject to optional redemption and mandatory sinking fund redemption as more fully described herein. (See “THE SERIES 2003 BONDS – Optional Redemption” and “THE SERIES 2003 BONDS – Mandatory Sinking Fund Redemption” herein.)

The Series 2003 Bonds are being issued pursuant to the Trust Act (as defined herein), the Series 2003 Bond Resolution (as defined herein) and all other applicable law for the purpose of making loans (the “Series 2003 Trust Loans”) to certain municipalities, certain counties, and certain municipal, county and regional sewerage or utilities authorities and commissions (the “Series 2003 Borrowers”) located in the State of New Jersey (the “State”) to finance or refinance a portion of the costs of the environmental infrastructure facilities of the Series 2003 Borrowers.

The Series 2003 Bonds will be special obligations of the Trust, secured primarily by: (i) the repayments by the Series 2003 Borrowers of the Series 2003 Trust Loans (as defined herein); (ii) the repayments by the Series 2003 Borrowers of the companion Series 2003 Fund Loans (as defined herein); (iii) certain of the repayments by those Borrowers (as defined herein) in the Coverage Providing Financing Programs (as defined herein) that have received Coverage Providing Fund Loans (as defined herein) that are held by the Master Program Trustee (as defined herein) in accordance with the terms of the Master Program Trust Agreement (as defined herein); (iv) with respect to certain authority Series 2003 Borrowers only, moneys on deposit in the Series 2003 Borrower Debt Service Reserve Funds (as defined herein) and moneys payable under the Series 2003 Borrower Service Agreements (as defined herein); (v) certain State-aid payable to the municipal and county Series 2003 Borrowers and certain municipal and county Series 2003 Participants (as defined herein); and (vi) moneys on deposit in the Series 2003 Debt Service Reserve Fund (as defined herein). See “SECURITY FOR THE SERIES 2003 BONDS” herein.


A detailed maturity and pricing schedule for the Series 2003 Bonds is set forth on the inside cover page hereof.

The Series 2003 Bonds are offered when, as and if issued and delivered and subject to the receipt of the approving legal opinion of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the Trust. Certain legal matters will be passed upon for the Trust by Peter C. Harvey, Attorney General of the State, General Counsel to the Trust. The Trust expects that the Series 2003 Bonds in definitive form will be available for delivery to DTC in New York, New York, and that payment for the Series 2003 Bonds will occur in Newark, New Jersey, on or about November 6, 2003.

October 15, 2003

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$66,420,000 Environmental Infrastructure Bonds, Series 2003A

Dated: October 15, 2003

Due: September 1, as shown on the inside cover hereof
# NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$66,420,000 Environmental Infrastructure Bonds, Series 2003A

$57,535,000 Serial Bonds

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Principal Amount</th>
<th>Interest Rate</th>
<th>Price or Yield</th>
<th>CUSIP*</th>
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</thead>
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</tr>
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$8,885,000 4.75% Term Bond Due September 1, 2023 @ 4.85% CUSIP*: 645788RM4

(plus accrued interest from October 15, 2003)

* Copyright 2003, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.
NEW JERsey EnVIronmental InfrAsTrUctURE Trust

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ROBERT A. BRIANT, SR., Chairman
BARTON E. HARRISON, Vice-Chairman
WARREN H. VICTOR, Treasurer
EILEEN SWAN, Secretary
BRADLEY M. CAMPBELL, Commissioner of the New Jersey Department of Environmental Protection, Ex Officio
JOHN E. McCORMAC, New Jersey State Treasurer, Ex Officio
SUSAN BASS LEVIN, Commissioner of the New Jersey Department of Community Affairs, Ex Officio

EXECUTIVE STAFF
DENNIS HART, Executive Director and Assistant Secretary

ADVISORS
McCARTER & ENGLISH, LLP, Bond Counsel
PETER C. HARVEY, ATTORNEY GENERAL OF THE STATE OF NEW JERSEY, General Counsel
PUBLIC FINANCIAL MANAGEMENT, INC., Financial Advisor

TRUSTEE FOR THE SERIES 2003 BONDS
WACHOVIA BANK, NATIONAL ASSOCIATION
f/k/a First Union National Bank

LOAN SERVICER FOR THE SERIES 2003 BONDS
COMMERCe BANK, NATIONAL ASSOCIATION

MASTER PROGRAM TRUSTEE
U.S. BANK TRUST NATIONAL ASSOCIATION
No dealer, broker, salesman or other person has been authorized by the Trust to give any information or to make any representations with respect to the Trust, the Financing Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2003 Bonds), the Loan Servicing Agreements, the Trust Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guaranties, the Borrower Lease Agreements, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds or the Continuing Disclosure Agreements (as such terms are defined herein) other than as contained in this Official Statement in connection with the offering of the Series 2003 Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2003 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Series 2003 Bonds referred to herein and may not be used, in whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in such information since the date hereof or any earlier date as of which any information contained herein is given.

THE FOLLOWING STATEMENT IS REQUIRED TO BE PUBLISHED
FOR RESIDENTS OF NEW HAMPSHIRE IN ACCORDANCE WITH NEW HAMPSHIRE BLUE SKY LAW (UNIFORM SECURITIES ACT) SECTION 421-B:20:

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST</td>
<td>2</td>
</tr>
<tr>
<td>- Creation, Legal Authority and Responsibilities</td>
<td>2</td>
</tr>
<tr>
<td>- Membership of the Trust</td>
<td>3</td>
</tr>
<tr>
<td>THE PROJECTS</td>
<td>3</td>
</tr>
<tr>
<td>- General</td>
<td>3</td>
</tr>
<tr>
<td>- Smart Growth Projects</td>
<td>4</td>
</tr>
<tr>
<td>- Series 2003 Projects</td>
<td>4</td>
</tr>
<tr>
<td>THE FINANCING PROGRAM</td>
<td>4</td>
</tr>
<tr>
<td>- General Structure of the Financing Program</td>
<td>4</td>
</tr>
<tr>
<td>- Trust Loans</td>
<td>5</td>
</tr>
<tr>
<td>- Fund Loans</td>
<td>6</td>
</tr>
<tr>
<td>- The Series 2003 Financing Program</td>
<td>6</td>
</tr>
<tr>
<td>THE SERIES 2003 BONDS</td>
<td>7</td>
</tr>
<tr>
<td>- General Description</td>
<td>7</td>
</tr>
<tr>
<td>- Optional Redemption</td>
<td>7</td>
</tr>
<tr>
<td>- Mandatory Sinking Fund Redemption</td>
<td>7</td>
</tr>
<tr>
<td>- Refunding Bonds</td>
<td>7</td>
</tr>
<tr>
<td>- Notice of Redemption</td>
<td>8</td>
</tr>
<tr>
<td>- Book-Entry-Only System</td>
<td>8</td>
</tr>
<tr>
<td>SECURITY FOR THE SERIES 2003 BONDS</td>
<td>9</td>
</tr>
<tr>
<td>- General</td>
<td>9</td>
</tr>
<tr>
<td>- Coverage Providing Financing Programs</td>
<td>11</td>
</tr>
<tr>
<td>- Coverage Receiving Financing Programs</td>
<td>11</td>
</tr>
<tr>
<td>- Amount of Coverage</td>
<td>12</td>
</tr>
<tr>
<td>- Source of Repayment of Loans</td>
<td>13</td>
</tr>
<tr>
<td>1. Series 2003 Trust Loan Agreements</td>
<td>15</td>
</tr>
<tr>
<td>2. Series 2003 Borrower Debt Service Reserve Funds</td>
<td>17</td>
</tr>
<tr>
<td>3. Series 2003 Borrower Service Agreements</td>
<td>17</td>
</tr>
<tr>
<td>4. Series 2003 Loan Servicing Agreement</td>
<td>17</td>
</tr>
<tr>
<td>5. State-Aid Intercept Powers of the Trust under the Trust Act</td>
<td>18</td>
</tr>
<tr>
<td>6. Master Program Trust Agreement</td>
<td>18</td>
</tr>
<tr>
<td>7. Series 2003 Debt Service Reserve Fund</td>
<td>19</td>
</tr>
<tr>
<td>8. Event of Default</td>
<td>20</td>
</tr>
<tr>
<td>- State General Taxing Power Not Pledged</td>
<td>20</td>
</tr>
<tr>
<td>SOURCES AND USES OF FUNDS FOR THE SERIES 2003 BONDS</td>
<td>21</td>
</tr>
<tr>
<td>SECONDARY MARKET DISCLOSURE</td>
<td>22</td>
</tr>
<tr>
<td>ABSENCE OF MATERIAL LITIGATION</td>
<td>23</td>
</tr>
<tr>
<td>ENFORCEABILITY OF REMEDIES</td>
<td>24</td>
</tr>
</tbody>
</table>
OFFICIAL STATEMENT
of the
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
Relating to its
$66,420,000 Environmental Infrastructure Bonds, Series 2003A

INTRODUCTION

This Official Statement, which includes the cover and inside cover pages hereof and the Appendices attached hereto, has been disseminated by the New Jersey Environmental Infrastructure Trust (the "Trust") to provide certain information relating to the Trust and to the proposed issuance, sale and delivery of its "Environmental Infrastructure Bonds, Series 2003A," dated October 15, 2003, in the aggregate principal amount of $66,420,000 (the "Series 2003 Bonds"). The Series 2003 Bonds are being issued pursuant to (i) the "New Jersey Environmental Infrastructure Trust Act," constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (N.J.S.A. 58:11B-1 et seq.), as the same has been, and may from time to time be, amended and supplemented (the "Trust Act"), (ii) all other applicable law and (iii) the "Environmental Infrastructure Bond Resolution, Series 2003A," adopted by the Trust on September 15, 2003, as the same may be amended from time to time in accordance with the terms thereof (the "Series 2003 Bond Resolution").

Due to the complexity of the Financing Programs (as defined herein), investors considering a purchase of the Series 2003 Bonds may refer to the glossary of the defined terms used in the body of this Official Statement set forth as Appendix H hereto.

The Series 2003 Bonds will be subject to optional redemption and mandatory sinking fund redemption as more fully described herein. See "THE SERIES 2003 BONDS – Optional Redemption" and "THE SERIES 2003 BONDS – Mandatory Sinking Fund Redemption" herein.

The Series 2003 Bonds are being issued to:

(i) finance, together with certain moneys of the State of New Jersey (the "State") and moneys of certain of the Series 2003 Borrowers (as defined herein), various System (as defined herein) improvements as part of the Series 2003 Financing Program (as defined herein); and

(ii) finance capitalized interest for certain Series 2003 Borrowers on the Series 2003 Bonds and provide a portion of the costs of issuance relating to the Series 2003 Bonds.


The Series 2003 Bonds will be special obligations of the Trust, secured primarily by:

(i) the repayments by the Series 2003 Borrowers of the Series 2003 Trust Loans (as defined herein);

(ii) the repayments by the Series 2003 Borrowers of the companion Series 2003 Fund Loans (as defined herein);

(iii) certain of the repayments by those Borrowers (as defined herein) in the Coverage Providing Financing Programs (as defined herein) that have received Coverage Providing Fund Loans (as defined herein) that
are held by the Master Program Trustee (as defined herein) in accordance with the terms of the Master Program Trust Agreement (as defined herein);

(iv) with respect to certain authority Series 2003 Borrowers only, moneys on deposit in the Series 2003 Borrower Debt Service Reserve Funds (as defined herein) and moneys payable under the Series 2003 Borrower Service Agreements (as defined herein);

(v) certain State-aid payable to the municipal and county Series 2003 Borrowers and certain municipal and county Series 2003 Participants (as defined herein); and

(vi) moneys on deposit in the Series 2003 Debt Service Reserve Fund (as defined herein).

For a more detailed discussion of the security for the Series 2003 Bonds, see “SECURITY FOR THE SERIES 2003 BONDS” herein.

Brief descriptions of the Trust, the Financing Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2003 Bonds), the Loan Servicing Agreements, the Trust Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guaranties, the Borrower Lease Agreements, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds and the Continuing Disclosure Agreements (as such terms are defined herein) are set forth in this Official Statement. However, all such descriptions are qualified in their entirety by reference to the definitive forms of such agreements, copies of which may be examined at the principal corporate offices of the Trust located at 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, (telephone (609)-219-8600) (the “Trust Offices”).

This introduction is a brief description of certain of the matters set forth in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering a purchase of the Series 2003 Bonds should read this Official Statement in its entirety, including the cover and inside cover pages and the Appendices attached hereto. The summaries of and references to all documents, statutes, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is further qualified in its entirety by reference to such document, statute, report or instrument.

THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Creation, Legal Authority and Responsibilities

The Trust, originally organized in August of 1986 as the New Jersey Wastewater Treatment Trust, is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State, exercising public and essential government functions, and organized and existing under and pursuant to the Trust Act. For the purpose of complying with Article V, Section IV, Paragraph 1 of the State Constitution, the Trust is allocated within, but is independent of any supervision or control by, the New Jersey Department of Environmental Protection (the “Department”). Pursuant and subject to the provisions of the Trust Act, the purpose of the Trust is to make and contract to make loans to New Jersey local government units, nonprofit entities and private entities authorized to construct, operate, maintain and implement Systems, to finance or refinance all or a portion of the costs of certain Projects (as defined herein).

Since 1987, the Trust and the State have provided loan financing for allowable costs of acquiring, constructing, improving or installing (“Allowable Costs”) wastewater treatment projects (the “Wastewater Treatment Projects”) for wastewater treatment systems (the “Wastewater Treatment Systems”) undertaken by local government units in the State (the “Wastewater Treatment Borrowers”). Beginning in 1998, the Trust and the State expanded the loan financing program (the “Financing Program”) to include the provision of loan financing for Allowable Costs of drinking water supply projects (the “Water Supply Projects”; the Wastewater Treatment Projects and the Water Supply Projects shall be referred to collectively herein as the “Projects”) for drinking water supply systems (the “Water Supply Systems”; the Wastewater Treatment Systems and the Water Supply Systems shall be referred to collectively herein as the “Systems”) undertaken by local government units, nonprofit entities and private entities (collectively, the “Water Supply Borrowers”; the Wastewater Treatment Borrowers and the Water Supply Borrowers shall be referred to collectively herein as the “Borrowers”). Local government units that constitute Borrowers (the “Local Unit Borrowers”) include, without limitation, counties, municipalities and
regional, county and municipal utilities, sewerage and improvement authorities, commissions and joint meetings located in the State, as well as State authorities. Other Water Supply Borrowers include, without limitation, nonprofit corporations and private water supply companies (collectively, the “Private Borrowers”).

Membership of the Trust

The Trust consists of a seven member Board of Directors. Three are members ex officio: the State Treasurer, the Commissioner of the State Department of Community Affairs and the Commissioner of the State Department of Environmental Protection. The four other directors are appointed. One is appointed by the Governor of the State (the “Governor”) upon the recommendation of the President of the State Senate. One is appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. Both serve during the two year legislative term in which they are appointed. Two are appointed by the Governor with the advice and consent of the State Senate for four year terms. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the chairman and chief executive officer, who serves for a term of two years and until a successor has been designated. The directors elect biannually a vice-chairman from among the appointed directors.

The current directors and officers of the Trust are as follows:

Robert A. Briant, Sr., Chairman; Executive Director and Chief Executive Officer, Utility and Transportation Contractors Association of New Jersey. Mr. Briant was appointed by the Governor upon the recommendation of the President of the State Senate. Mr. Briant’s term expired on January 11, 2002, but he continues to serve until he is reappointed or replaced.

Barton E. Harrison, Vice-Chairman; President, Harrison Consulting Corporation. Mr. Harrison was appointed by the Governor with the advice and consent of the State Senate. He has served as a director and as Vice-Chairman since August, 1986. His current term expires on May 13, 2004.

Warren H. Victor, Treasurer; President and Chief Operating Officer, Action Business Consultants, Inc. Mr. Victor was appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. His current term expires on January 9, 2004.

Eileen Swan, Secretary; Committeewoman and Open Space Coordinator for Lebanon Township. Ms. Swan was appointed by the Governor with the advice and consent of the State Senate. Her current term expires on May 13, 2005.

Bradley M. Campbell, Director, ex officio; Commissioner of the New Jersey Department of Environmental Protection.

John E. McCormac, Director, ex officio; New Jersey State Treasurer.

Susan Bass Levin, Director, ex officio; Commissioner of the New Jersey Department of Community Affairs.

The Trust also has a non-member Executive Director, Dennis Hart, who serves at the pleasure of the Board of Directors. Mr. Hart has been serving as Executive Director of the Trust since July 1, 2003 and is also the Assistant Secretary of the Trust.

THE PROJECTS

General

On an annual basis, the Trust is required, pursuant to the Trust Act, to submit a list of eligible Wastewater Treatment Projects and a list of eligible Water Supply Projects to the State Legislature for its consideration. The Projects are ranked in order of priority based upon ranking criteria developed in conformance with the provisions of applicable federal legislation. The lists set forth a description of each Project, its purpose, cost and construction schedule, and the amount of the proposed Trust Loan with respect to each such Project. Annually, the State Legislature adopts legislation setting forth the Projects that may be financed by the Trust and the maximum amount of the Trust Loan with respect to each such Project. The Trust must
also submit to the State Legislature a financial plan setting forth how the Trust intends to fund the Trust Loans for the Projects approved by the State Legislature. Annually, the State Legislature approves such financial plan.

Smart Growth Projects

The State has undertaken a comprehensive program to incentivize (i) construction, development and growth in certain designated urban areas, and (ii) preservation of open space through land acquisition in suburban and rural areas (the “Smart Growth Program”). The designated urban areas include: Atlantic City, the City of Camden, the City of Elizabeth, Jersey City, the City of New Brunswick, the City of Newark, the City of Paterson, the City of Trenton and the County of Hudson. This comprehensive State program has been applied to the Financing Program. Any Project undertaken either (i) within a designated urban area or (ii) as a land acquisition Project shall be referred to herein as a “Smart Growth Project” and any Project that does not fall within either category shall be referred to herein as a “Conventional Project.” See “THE FINANCING PROGRAM” herein for a discussion of Smart Growth Projects and the application of the Smart Growth Program to the Financing Program.

Series 2003 Projects

Each of the Series 2003 Borrowers has covenanted in its respective Loan Agreement (as defined herein) to undertake and complete the Projects (the “Series 2003 Projects”) described in such Loan Agreement. A portion of the proceeds of the Series 2003 Bonds will be used to finance the Trust Loans (as defined herein) that will fund the Series 2003 Projects. In order to examine the list of the Series 2003 Projects or the Projects for any other Financing Program, please contact the Trust at its Trust Offices.

THE FINANCING PROGRAM

General Structure of the Financing Program

In each Financing Program, the Project of each Borrower is financed through a combination of several sources of funds:

(i) an interest bearing loan from the Trust (the “Trust Loans”);

(ii) a companion zero-interest loan from the State (the “Fund Loans”; the Trust Loans and the Fund Loans shall be referred to collectively herein as the “Loans”); and

(iii) if necessary, funds of the Borrower obtained from any lawful source, for all costs of the Project that cannot or, by election of the Borrower, will not be financed by the Loans.

The sum of the Trust Loan and the Fund Loan provides the moneys necessary to fund the Allowable Costs of a Project. The Allowable Costs of a Project are calculated and determined pursuant to (i) the rules and regulations of the Trust (the “Trust Regulations”), (ii) the rules and regulations of the Department (the “Department Regulations”) and (iii) certain applicable federal regulations (the “Federal Regulations”; the Trust Regulations, the Department Regulations and the Federal Regulations shall be referred to collectively herein as the “Regulations”). In addition, there are certain costs associated with a Project and the financing thereof that, pursuant to the Regulations, are not Allowable Costs. Certain of such costs may be financed exclusively with proceeds of the Trust Loan.

In certain instances, funds of the Borrower will provide for (i) the unallowable costs of a Project that cannot be financed through the Trust Loan and (ii) any Allowable Costs of the Project that (a) the Borrower elects not to fund through the Loans or (b) represent post closing cost overruns with respect to the Project. However, in the event the actual Allowable Costs of any Project exceed the Loans made for such Project in any Financing Program, the Borrower constructing such Project may apply for a supplemental Trust Loan and a supplemental Fund Loan in any succeeding Financing Program.
Trust Loans

The principal amount of each Trust Loan consists of the following:

(i) an amount sufficient to fund up to 25% of the Allowable Costs of the Project in the case of a Smart Growth Project or up to 50% of the Allowable Costs of the Project in the case of a Conventional Project;

(ii) an amount sufficient to fund 100% of that portion of the Allowable Costs of the Project consisting of certain engineering and environmental services provided by the Department;

(iii) in the case of a Conventional Project, if elected by the Borrower (collectively, the “Conventional Project Reserve Capacity Borrowers”), an amount sufficient to fund Project costs associated with providing System capacity not currently required by current System users (in the case of a Smart Growth Project, such costs are included by the Regulations in the Allowable Costs of the Project);

(iv) an amount equal to that portion of the respective Debt Service Reserve Funds (the “Debt Service Reserve Funds”), created and existing pursuant to the Bond Resolutions (as defined herein), attributable to:

(a) in the case of a Conventional Project, the cost of funding reserve capacity for the Conventional Project Reserve Capacity Borrowers, if any, and

(b) the Private Borrowers, if any;

(v) that portion of the costs of issuance relating to the Bonds allocable to each Borrower; and

(vi) if elected by the Borrower, the amount sufficient to fund capitalized interest with respect to the Trust Loan of such Borrower.

The Trust Loan is financed by the Trust with the proceeds of a series of bonds, notes or other obligations of the Trust (the “Bonds”). Each Trust Loan is be made by the Trust pursuant to a loan agreement (the “Trust Loan Agreements”) between the Trust and the Borrower. The repayment obligations of the Borrower, pursuant to the Trust Loan Agreement, is evidenced by a bond, note or other obligation issued by or on behalf of the Borrower in favor of the Trust (the “Borrower Trust Loan Bonds”) pursuant to the terms of the Borrower’s bond ordinance or resolution authorizing the issuance of such Borrower Trust Loan Bonds (the “Borrower Trust Loan Bond Resolutions”). Trust Loan repayments are established to be due and owing at such times and in such aggregate amounts as is necessary to pay the debt service on the series of Bonds that financed the Trust Loans. All principal of and interest on Borrower Trust Loan Bonds are payable at least thirty (30) days prior to the respective series of Bonds from which any such Trust Loans were funded. Each Borrower Trust Loan Bond is assigned by the Trust to the trustee (the “Trustee”) for the series of Bonds that financed the Trust Loan of any such Borrower. For a description of the provisions of the Trust Loan Agreements, see Appendix F hereto – “SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2003 BORROWERS), THE SERIES 2003 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS.”

Typically, the proceeds of a series of Bonds will finance the making of several Trust Loans. Any series of Bonds must be issued pursuant to the Trust Act, all other applicable law and the terms of a bond resolution duly adopted by the Trust (the “Bond Resolution”). Bonds issued pursuant to separate Bond Resolutions in separate Financing Programs are not secured on a parity basis, except to the extent of their common interest in certain moneys made available pursuant to the Master Program Trust Agreement. A particular series of Bonds may fund both Wastewater Treatment Projects and Water Supply Projects, and the security for one Project may be used to secure another type of Project in accordance with the Federal Regulations. Not including the Series 2003 Bonds, the Trust has issued Bonds (excluding Refunding Bonds (as defined in the Bond Resolutions)) in the aggregate principal amount of $1,235,165,000.
Fund Loans

The Fund Loan is financed from a combination of capitalization grants from the Federal government, general obligation bonds of the State (except for Private Borrowers), appropriations from the State Legislature and repayments of prior Fund Loans that have been deposited in the State Revolving Fund (“SRF”). The principal amount of each Fund Loan consists of an amount sufficient to fund up to 75% of the Allowable Costs of the Project in the case of a Smart Growth Project or up to 50% of the Allowable Costs of the Project in the case of a Conventional Project.

Each Fund Loan is made pursuant to a loan agreement (the “Fund Loan Agreements”; the Trust Loan Agreements and the Fund Loan Agreements shall be referred to collectively herein as the “Loan Agreements”) between the State, acting by and through the Department, and the Borrower. The repayment obligations of the Borrower, pursuant to the Fund Loan Agreement, is evidenced by a bond, note or other obligation issued by or on behalf of the Borrower in favor of the State (the “Borrower Fund Loan Bonds”; the Borrower Trust Loan Bonds and the Borrower Fund Loan Bonds shall be referred to collectively herein as the “Borrower Bonds”) pursuant to the terms of the Borrower’s bond ordinance or resolution authorizing the issuance of such Borrower Fund Loan Bonds (the “Borrower Bond Resolutions”; the Borrower Trust Loan Bond Resolutions and the Borrower Fund Loan Bond Resolutions shall be referred to collectively herein as the “Borrower Bond Resolutions”). All principal of Borrower Fund Loan Bonds (evidencing the principal of the Fund Loans) is payable at least thirty (30) days prior to the respective series of Bonds from which any companion Trust Loans were funded in order to provide additional security for such Bonds. For a description of the provisions of the Fund Loan Agreements, see Appendix F hereto – “SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2003 BORROWERS), THE SERIES 2003 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS.”

Each Borrower acknowledges in its Loan Agreements the Trust’s right to apply repayments of the Fund Loan to the payment of debt service on the Bonds that financed the companion Trust Loan prior to the repayment of the Fund Loan. In order to ensure the priority of the payment of debt service on Bonds over the repayment of any companion Fund Loans and to facilitate Trust and Fund Loan repayments by the Borrowers, for each Financing Program the Trust enters into a Loan Servicing and Trust Bonds Security Agreement (the “Loan Servicing Agreements”) with the State and a bank or trust company (the “Loan Servicers”) to service the repayment of the Trust Loans and the Fund Loans. For more information on the Loan Servicing Agreements see “SECURITY FOR THE SERIES 2003 BONDS” and Appendix C hereto – “AGGREGATE SERIES 2003 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2003 BONDS.”

The Series 2003 Financing Program

The Series 2003 Bonds are scheduled to be issued on November 6, 2003 as part of the Financing Program for 2003 (the “Series 2003 Financing Program”). The Trust Loans (the “Series 2003 Trust Loans”) and the Fund Loans (the “Series 2003 Fund Loans”; the Series 2003 Trust Loans and the Series 2003 Fund Loans shall be referred to collectively herein as the “Series 2003 Loans”) for the Series 2003 Financing Program were closed in escrow during a period from August 18, 2003 through September 12, 2003. The Borrowers participating in the Series 2003 Financing Program (the “Series 2003 Borrowers”) and the amounts of the Series 2003 Trust Loans and Series 2003 Fund Loans to be made by the Trust and the State, respectively, to the Series 2003 Borrowers are listed in Appendix B hereto – “SERIES 2003 BORROWERS.”

Repayments of the Series 2003 Loans will be collected by Commerce Bank, National Association, Cherry Hill, New Jersey, as Loan Servicer (the “Series 2003 Loan Servicer”) pursuant to the Loan Servicing Agreement (the “Series 2003 Loan Servicing Agreement”) for the Series 2003 Financing Program. Upon receipt of such repayments, the Series 2003 Loan Servicer will immediately pay to Wachovia Bank, National Association, f/k/a First Union National Bank, Morristown, New Jersey, as trustee and paying agent for the Series 2003 Bonds (the “Series 2003 Trustee” and the “Series 2003 Paying Agent”), up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, of the Series 2003 Bonds. See “SECURITY FOR THE SERIES 2003 BONDS” and Appendix C hereto – “AGGREGATE SERIES 2003 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2003 BONDS.” The Series 2003 Bonds are Coverage Receiving Bonds (as defined herein) and are secured by Fund Loan repayments from Coverage Providing Financing Programs that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. See Appendix D hereto – “AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS.”
THE SERIES 2003 BONDS

General Description

The Series 2003 Bonds will be dated October 15, 2003, and are scheduled to mature on September 1 in the years and in the principal amounts set forth on the inside cover page hereof (the “Principal Payment Dates”). The Series 2003 Bonds will bear interest from their dated date payable by check or draft semiannually on March 1 and September 1 of each year until their respective maturities (the “Interest Payment Dates”), commencing September 1, 2004, at the rates per annum set forth on the inside cover page hereof. The Series 2003 Bonds will be payable as to principal (including any Sinking Fund Installment) upon presentation and surrender thereof at the corporate trust office of the Series 2003 Trustee. The Series 2003 Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests in the Series 2003 Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 or any integral multiple thereof, and, under certain circumstances, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount, series and maturity in denominations of $5,000 or any integral multiple thereof.

Optional Redemption

The Series 2003 Bonds maturing on or before September 1, 2012 will not be subject to redemption prior to their respective stated maturity dates. The Series 2003 Bonds maturing on or after September 1, 2013 will be subject to redemption prior to their respective stated maturity dates on or after September 1, 2012, at the option of the Trust upon the terms set forth in the Series 2003 Bond Resolution, either in whole on any date or in part, by lot within a maturity from maturities to be selected by the Trust, on any Interest Payment Date, upon the payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2003 Bonds due September 1, 2023 are subject to mandatory sinking fund redemption prior to their stated maturity through selection by lot by the Series 2003 Trustee, upon the giving of notice as provided in the Series 2003 Bond Resolution, by payment of the following Sinking Fund Installments on September 1 in each year set forth below at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption date:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$4,345,000</td>
</tr>
<tr>
<td>2023*</td>
<td>4,540,000</td>
</tr>
</tbody>
</table>

*Final maturity.

Refunding Bonds

One or more Series of Refunding Bonds may be issued pursuant to the Series 2003 Bond Resolution at any time solely for the purpose of refunding any Outstanding Series 2003 Bonds issued pursuant to the Series 2003 Bond Resolution. Refunding Bonds shall be on a parity with and, except as otherwise provided in the applicable Supplemental Series 2003 Bond Resolution for such Refunding Bonds, shall be entitled to the same benefit and security of the applicable Series 2003 Bond Resolution, including the pledge of the Series 2003 Trust Estate (as defined herein) applicable to such Series of Bonds, as the Series 2003 Bonds being refunded.

Refunding Bonds may only be issued upon the satisfaction of certain conditions as set forth in the Series 2003 Bond Resolution, including, but not limited to, the receipt by the applicable Series 2003 Trustee of a Certificate of an Authorized Officer of the Trust demonstrating that the Trust Loan repayments to become due in each Bond Year during which such Refunding Bonds shall be Outstanding shall be sufficient to pay, when due, the principal and redemption premium, if any, of and the interest on all Bonds Outstanding under the Series 2003 Bond Resolution upon the authentication and delivery of such Series of Refunding Bonds.
Notice of Redemption

Notice of redemption of the Series 2003 Bonds will be given pursuant to the Series 2003 Bond Resolution by the Series 2003 Trustee by mailing a copy of such notice not more than 45 and not less than 30 days prior to the redemption date to DTC, as long as it remains the sole registered owner (and to any other registered owners thereafter at their addresses as they appear on the bond registration books of the Trust) of any Series 2003 Bonds or portions thereof to be redeemed (provided that failure to mail such notice with respect to a particular Series 2003 Bond or any defect therein shall not affect the redemption of any other Series 2003 Bonds). If notice of redemption shall have been given as aforesaid and if on the redemption date moneys for the redemption of all Series 2003 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payments, then from and after the redemption date interest on such Series 2003 Bonds or portions thereof shall cease to accrue and be payable.

Book-Entry-Only System

DTC will act as securities depository for the Series 2003 Bonds. The ownership of one fully registered Series 2003 Bond for each maturity thereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the “DTC Participants”) and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in the accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “Indirect DTC Participants”).

Purchases of the Series 2003 Bonds under the book-entry-only system may be made through brokers and dealers that are, or act through, DTC Participants. The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of the actual purchaser of each Series 2003 Bond (the “Beneficial Owner”) will be recorded through the records of the DTC Participant. Beneficial Owners will receive a written confirmation of their purchase providing details of the Series 2003 Bonds so acquired. Transfers of ownership interests in the Series 2003 Bonds will be accomplished by book entries made by DTC and by the DTC Participants that act on behalf of the Beneficial Owners. Beneficial Owners will not receive Series 2003 Bond certificates representing their ownership interest in the Series 2003 Bonds, except as specifically provided in the Series 2003 Bond Resolution. Interest, principal and redemption premium, if any, will be paid to DTC, or its nominee, and then paid by DTC to the DTC Participants and thereafter paid by the DTC Participants to the Beneficial Owners when due.


Beneficial Owners of the Series 2003 Bonds or interests in those Series 2003 Bonds will not receive or have the right to receive physical delivery of such Series 2003 Bonds, and will not be or be considered to be the owners thereof under the Series 2003 Bond Resolution. So long as Cede & Co. is the registered owner of the Series 2003 Bonds, as nominee for DTC, references herein to the Bond owners, Holders or registered owners of the Series 2003 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2003 Bonds.

For every transfer and exchange of the Series 2003 Bonds, the Series 2003 Trustee, DTC and the DTC Participants may charge the Beneficial Owner a sum sufficient to cover their allocable share of any tax, fee or other governmental charge that may be imposed in relation thereto.
DTC may determine to discontinue providing its service with respect to the Series 2003 Bonds at any time by giving notice to the Trust and discharging its responsibilities with respect thereto under applicable law. DTC Participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2003 Bonds may determine that continuation of the requirement that all of the Series 2003 Bonds be registered in the name of Cede & Co. is not in the best interests of the Beneficial Owners. Under such circumstances, the Series 2003 Bonds are required to be delivered as described in the Series 2003 Bond Resolution. The Beneficial Owner, upon registration of the Series 2003 Bonds held in the Beneficial Owner's name, will become the Bond owner.

The Trust may determine that continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the BeneficialOwners. In such event, certificated Series 2003 Bonds will be delivered as described in the Series 2003 Bond Resolution.

When reference is made to any action that is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to action by such Beneficial Owners or those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Series 2003 Trustees to DTC only.

Principal, redemption premium, if any, and interest payments on the Series 2003 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Series 2003 Bonds. Upon receipt of moneys, DTC's current practice is to credit immediately the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect DTC Participants to Beneficial Owners will be the responsibility of such DTC Participant or Indirect DTC Participant and not of DTC, the Series 2003 Paying Agent, the Series 2003 Trustee, the Series 2003 Loan Servicer or the Trust, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Series 2003 Trustee and the Trust, so long as a book-entry-only system is used for the Series 2003 Bonds, will send any notice of redemption or other notices for the benefit of Holders only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify any Beneficial Owner of any such notice and its content or effect will not affect the validity of the redemption of the Series 2003 Bonds called for redemption or of any other action premised on such notice.

The Trust, the Series 2003 Trustee and the Series 2003 Loan Servicer cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of debt service on the Series 2003 Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

SECURITY FOR THE SERIES 2003 BONDS

General

The Series 2003 Bonds will be special obligations of the Trust payable from and secured solely by a pledge of and lien upon all of the right, title and interest of the Trust in, to and under:

(i) loan repayments made pursuant to the Trust Loan Agreements entered into in connection with the Series 2003 Financing Program (the "Series 2003 Trust Loan Agreements"), which loan repayments are held by the Series 2003 Loan Servicer in the Series 2003 Trust Bonds Security Account (as defined herein);

(ii) the Borrower Trust Loan Bonds issued in connection with the Series 2003 Trust Loan Agreements (the "Series 2003 Borrower Trust Loan Bonds") pursuant to the terms of the Borrower Trust Loan Bond Resolutions (the "Series 2003 Borrower Trust Loan Bond Resolutions"), which Series 2003 Borrower Trust Loan Bonds are held by the Trust and assigned by the Trust to the Series 2003 Trustee as security for the loan repayments described in clause (i) above;
(iii) loan repayments made pursuant to the Fund Loan Agreements entered into in connection with the Series 2003 Financing Program (the "Series 2003 Fund Loan Agreements"), which loan repayments are held by the Series 2003 Loan Servicer in the Series 2003 Trust Bonds Security Account;

(iv) the other Series 2003 Revenues (as defined herein) not included in clauses (i) or (iii) above;

(v) the Series 2003 Debt Service Reserve Fund established pursuant to the Series 2003 Bond Resolution, including all proceeds and investment income derived therefrom; and

(vi) all other funds, accounts and subaccounts established pursuant to the Series 2003 Bond Resolution (but excluding the Operating Expense Fund, the Project Fund and the Rebate Fund), together with all proceeds and investment income of the foregoing (collectively, the "Series 2003 Trust Estate").

The Series 2003 Trust Estate does not include the Trust’s right, title and interest in those certain Series 2003 Trust Loan repayments that will be held by the Series 2003 Loan Servicer and that, upon receipt by the Series 2003 Loan Servicer, will not be deposited in the Series 2003 Trust Bonds Security Account.

The “Series 2003 Revenues” include:

(i) all Series 2003 Loan repayments from the Series 2003 Borrowers that will be deposited in the Series 2003 Trust Bonds Security Account to satisfy debt service due on the Series 2003 Bonds, including:

(a) moneys payable pursuant to the respective Series 2003 Borrower Service Agreements; and

(b) moneys derived from the respective Series 2003 Borrower Debt Service Reserve Funds, if necessary;

(ii) payments, if any, made to the Series 2003 Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all subaccounts therein) (See “Master Program Trust Agreement” below);

(iii) the proceeds derived from the payments included in clauses (i) and (ii) above, including, without limitation, investment income; and

(iv) if necessary to satisfy the Series 2003 Loan repayments from municipal and county Series 2003 Borrowers, the State-aid payable to such municipal and county Series 2003 Borrowers and certain municipal or county Series 2003 Participants (as defined herein) (See “Series 2003 Borrower Service Agreements” and “State-Aid Intercept Powers of the Trust under the Trust Act” below).

Pursuant to the Series 2003 Bond Resolution, the Series 2003 Trust Estate is pledged and assigned as security for the payment of the principal or redemption premium, if any, of and the interest on the Series 2003 Bonds and any Refunding Bonds that may be issued thereunder, subject to certain provisions of the Series 2003 Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Series 2003 Bond Resolution. The Series 2003 Trust Estate shall immediately become subject to the lien of said pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all persons having claims of any kind in tort, contract or otherwise against the Trust. In addition, the Master Program Trustee has pledged its interest in and to moneys and securities on deposit in the Master Program Trust Account to the Series 2003 Trustee to the extent set forth in the Master Program Trust Agreement. (See “Master Program Trust Agreement” herein.)

Since the Series 2003 Bonds are Coverage Receiving Bonds, they are secured by Fund Loan repayments from Coverage Providing Financing Programs that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. Fund Loan repayments under the Coverage Providing Financing Programs provide additional security for Coverage Receiving Bonds. See “SECURITY FOR THE SERIES 2003 BONDS - Coverage Providing Financing Programs” and “Coverage Receiving Financing Programs” below.
The full faith and credit of the Trust are not pledged, either expressly or by implication, to the payment of the principal or redemption premium, if any, of or the interest on the Series 2003 Bonds. The Trust has no taxing power, and it has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of any Series 2003 Borrower, except as expressly provided in the Series 2003 Trust Loan Agreements.

Coverage Providing Financing Programs

A Coverage Providing Financing Program is a Financing Program for which the State has agreed to subordinate its right to receive Fund Loan repayments to the payment of the principal of and interest on the Bonds. Any remaining Fund Loan repayments in a Coverage Providing Financing Program are made available to secure Coverage Receiving Bonds. Since the Trust Loan repayments in a Coverage Providing Financing Program are used to pay debt service on the series of Bonds that financed such Trust Loans, this subordination provides additional security for each such series of Bonds.

State approval is required for future Financing Programs to be designated as Coverage Providing Financing Programs that would provide additional security for Coverage Receiving Bonds, including the Series 2003 Bonds. Although the State has previously agreed to this subordination in every year that this additional security through the Master Program Trust Agreement has been in existence (i.e., from 1995 to the present) and although the Trust knows of no reason why the State would not agree to this future subordination, the Trust cannot assure that the State will continue to provide such subordination. Notwithstanding the foregoing, the State may not revoke the subordination authorized for the Coverage Providing Financing Programs from 1989 through and including 2003 for so long as Coverage Receiving Bonds, including the Series 2003 Bonds, under Coverage Receiving Financing Programs are Outstanding.

“Coverage Providing Financing Programs” currently consist of all Financing Programs from 1989 through and including 2003 (including the Financing Programs containing all series of Refunding Bonds that have refunded the Bonds originally issued in 1989 to date), but excluding those portions of the 1994, 1996, 1998 and 2001 Financing Programs that refunded all of the Bonds originally issued under the 1987, 1988, 1989 and 1990 Financing Programs (the “Excluded Financing Programs”).

See Appendix D – “AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS.”

Coverage Receiving Financing Programs

Coverage Receiving Financing Programs are secured by the balance of Fund Loan repayments of Coverage Providing Financing Programs. Once Fund Loan repayments from Coverage Providing Financing Programs are no longer needed to secure the series of Bonds funding companion Trust Loans, these Fund Loan repayments are turned over to the Master Program Trustee for deposit in the Master Program Trust Account to provide additional security for the Bonds issued in Coverage Receiving Financing Programs, including the Series 2003 Bonds (the “Coverage Receiving Bonds”). Under the terms of the Master Program Trust Agreement, the holders of all Coverage Receiving Bonds have a pro-rata secured interest in the moneys and securities on deposit in the Master Program Trust Account. This pro-rata interest is maintained by requiring each series of Coverage Receiving Bonds to amortize principal on September 1 of each year and to pay interest semiannually on March 1 and September 1 of each year until final maturity (stated or otherwise).

The Trust retains full discretion to determine whether future series of Bonds in future Financing Programs will be Coverage Providing Financing Programs, Coverage Receiving Programs, both or neither. As more series of Coverage Receiving Bonds are issued by the Trust in future Financing Programs, the amount of security provided by the Coverage Providing Financing Programs will be made available to all series of Coverage Receiving Bonds, thereby potentially reducing the amount of security available from the Coverage Providing Financing Programs to any one series of Coverage Receiving Bonds, such as the Series 2003 Bonds. To the extent such scheduled Fund Loan Agreement repayment obligations have been reduced, less additional security will be available from Fund Loan repayments for such corresponding series of Bonds and for such other series of Coverage Receiving Bonds secured in accordance with the terms of the Master Program Trust Agreement.

“Coverage Receiving Financing Programs” currently consist of:
(i) the two series of Bonds issued to finance the 1995 Financing Program (the “Series 1995 Bonds”);

(ii) the two series of Bonds issued to finance the 1996 Financing Program (exclusive of that portion of the 1996 Financing Program that refunded a series of Bonds issued under the 1987 Financing Program and all or a portion of three series of Bonds issued under the 1988 Financing Program) (the “Series 1996 Bonds”);

(iii) the single series of Bonds issued to finance the 1997 Financing Program (exclusive of that portion of the 1997 Financing Program that refunded two series of Bonds issued under the 1989 Financing Program, one series of Bonds issued under the 1990 Financing Program and one series of Bonds issued under the 1991 Financing Program) (the “Series 1997 Bonds”);


(v) the two series of Bonds issued to finance the 1999 Financing Program (the “Series 1999 Bonds”);

(vi) the two series of Bonds issued to finance the 2000 Financing Program (the “Series 2000 Bonds”);

(vii) the three series of Bonds issued to finance the 2001 Financing Program (exclusive of that portion of the 2001 Financing Program that refunded a portion of any series of Bonds issued under the 1989 Financing Program and one series of Bonds issued under the 1990 Financing Program) (the “Series 2001 Bonds”);

(viii) the two series of Bonds issued to finance the 2002 Financing Program (the “Series 2002 Bonds”); and

(ix) the Series 2003 Bonds.

Coverage Receiving Financing Programs will also include all future Financing Programs so designated by the Trust in accordance with Section 4(a) of the Master Program Trust Agreement. The Series 1995 Bonds, the Series 1996 Bonds, the Series 1997 Bonds, the Series 1998 Bonds, the Series 1999 Bonds, the Series 2000 Bonds, the Series 2001 Bonds, the Series 2002 Bonds, the Series 2003 Bonds and all series of Bonds to be issued under Future Financing Programs (the “Future Bonds”) may be collectively referred to as “Coverage Receiving Bonds.”

See Appendix D – “AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS.”

Amount of Coverage

To the extent that Borrowers in all Coverage Providing Financing Programs pay their Loans, Fund Loan repayments will be additionally available to secure the Coverage Receiving Bonds as of each semiannual debt service payment date of the Coverage Receiving Bonds in the aggregate amounts set forth in Appendix D – “AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS.” Although these amounts are scheduled to be available to provide additional security for the Coverage Receiving Bonds, no assurance can be given by the Trust that all such Loan repayments will be made by the Borrowers. In addition, due to the ability of Borrowers in Coverage Providing Financing Programs to adjust their Fund Loan amounts downward in order to reflect lower than anticipated Project costs in accordance with Department Regulations, the Fund Loan repayments of such Borrowers will be reduced in inverse order of maturity to reflect this Fund Loan amount downsizing. To the extent this occurs, the amounts set forth in this aggregate coverage table will be correspondingly reduced. Nevertheless, as of the date of this Official Statement, every Borrower in every Financing Program has timely made its Loan repayments so as to allow each respective Trustee to pay debt service on its respective series of Bonds on time and in full.
See Appendix D—“AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS.”

Source of Repayment of Loans

All municipal and county Borrowers issue their Borrower Bonds pursuant to the State’s Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40A:2-1 et seq.), as the same has been and may from time to time be amended and supplemented (the “Local Bond Law”). The Local Bond Law requires each such Borrower, if necessary, to levy ad valorem taxes upon all of the taxable property within the jurisdiction of the Borrower, without limitation as to rate or amount (“Taxes”), in order to pay debt service on the respective Borrower Bonds. Over ninety percent (90%) of the aggregate principal amount of Borrower Bonds in Coverage Providing Financing Programs are secured by either a direct or an indirect general obligation, full faith and credit pledge of a municipal or county government in the State.

In the event that any municipal or county Borrower does not make timely payment in full of its Loan repayment obligation on any payment date, the Trust and the Trustee for the series of Bonds that is secured by the Borrower Bonds of any such Borrower would immediately be vested with the right to seek specific performance on the general obligation pledge under the Borrower Bonds and to seek an appropriate court order to require the municipal or county Borrower to raise taxes.

Most municipal, county or regional authority or commission Borrowers (the “Authority Borrowers”) issue their Borrower Bonds pursuant to either the sewerage authorities law, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (N.J.S.A. 40:14A-1 et seq.), as the same has been and may from time to time be amended and supplemented (the “Sewerage Authorities Law”), the municipal and county utilities authorities law, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (N.J.S.A. 40:14B-1 et seq.), as the same has been and may from time to time be amended and supplemented (the “Municipal and County Utilities Authorities Law”), or the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40:37A-44 et seq.), as the same has been and may from time to time be amended and supplemented (the “County Improvement Authorities Law”) (collectively, the “Authorities Laws”). In addition, some Authority Borrowers issue their Borrower Bonds pursuant to laws other than those discussed in the preceding sentence. The Authorities Laws allow for any such Authority Borrowers to enter into deficiency, service or other contracts (the “Borrower Service Agreements”) with underlying municipalities, counties and other local government authorities (the “Participants”). The Authorities Laws further allow Participants to enter into deficiency, service or other contracts (the “Indirect Borrower Service Agreements”) with underlying municipalities and counties (the “Indirect Participants”). The Borrower Service Agreements require that Participants pay certain amounts (the “Annual Charges”) including the Participants’ share of debt service on all Borrower Bonds. The Indirect Borrower Service Agreements require that Indirect Participants pay certain amounts (the “Indirect Annual Charges”) including the Indirect Participants’ share of the Participants’ share of debt service on all Borrower Bonds. Over ninety percent (90%) of the aggregate principal amount of all Borrower Bonds issued by Authority Borrowers are supported by either Annual Charges or Indirect Annual Charges payable by Participants or Indirect Participants, whereby such Participants or Indirect Participants are required under the terms of the respective Borrower Service Agreements or Indirect Borrower Service Agreements, as the case may be, and by the Authorities Laws to levy Taxes, in order to pay any such Annual Charges or Indirect Annual Charges, as applicable.

In the event any Authority Borrower that has entered into Borrower Service Agreements involving the general obligation pledge of Annual Charges payable by its Participants does not make timely payment in full of its Loan repayment obligation on any payment date, the Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Borrower under the applicable Borrower Service Agreements, including the right of such Borrower to seek specific performance on the general obligation pledge of Annual Charges by the Participants under the Borrower Service Agreements and to seek an appropriate court order to require the municipal or county Participants to raise taxes. All other Authority Borrowers that have entered into Borrower Service Agreements without the general obligation pledge of Annual Charges have similarly covenanted in their Loan Agreements to pursue any rights available against Participants to recover Annual Charges. These Borrower obligations would arise as soon as Loan repayments have not been received in full and on time. Thereupon, the Trust and the Trustee for the affected series of Bonds would have the right to seek a court order to force the Borrower to pursue these remedies.

In addition, the County Improvement Authorities Law permits certain counties and municipalities (the “Government Borrower Guarantors”) to guaranty unconditionally and irrevocably (the “Government Borrower Guaranties”) the payment of
debt service on Authority Borrower Bonds issued by county improvement authorities, which guaranty payments (the “Government Guaranty Payments”) shall be made from any available source including, if necessary, the levy of *ad valorem* taxes upon all of the taxable property within the jurisdiction of the Government Borrower Guarantors, without limitation as to rate or amount. The County Improvement Authorities Law also allows for any such Authority Borrower to enter into lease, deficiency, service or other contracts (the “Borrower Lessor Agreements”) with underlying counties, municipalities and other local government units (the “Lessees”). Under the terms of the Borrower Lessor Agreements, the Lessees may be required to make general obligation payments (the “Lessees Payments”) from any available source including, if necessary, the levy of *ad valorem* taxes upon all of the taxable property within the jurisdiction of the Lessees, without limitation as to rate or amount. Similarly, the County Improvement Authorities Law also allows for a county improvement authority to enter into lease, deficiency, service or other contracts (the “Borrower Lessee Agreements”; the Borrower Lessor Agreements and the Borrower Lessee Agreements shall be referred to collectively herein as the “Borrower Lease Agreements”) with underlying county, municipal and other local government unit Borrowers. Under the terms of the Borrower Lessee Agreements, any such Borrower may be required to make Lessee Payments from any available source including, if necessary, the levy of Taxes.

In the event any Authority Borrower that has entered into Government Borrower Guaranties involving the general obligation pledge of Government Guaranty Payments payable by its Government Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Government Borrower Guaranties. This would include the right of such Authority Borrower to seek specific performance on the general obligation pledge of Government Guaranty Payments by the Government Borrower Guarantors under the Government Borrower Guaranties and to seek an appropriate court order to require the municipal or county Government Borrower Guarantors to levy Taxes.

In the event that any Authority Borrower that has entered into Borrower Lessor Agreements involving the general obligation pledge of Lessee Payments payable by its Lessees does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Borrower Lessor Agreements. This would include the right of such Borrower to seek specific performance on the general obligation pledge of Lessee Payments by the Lessees under the Borrower Lessor Agreements and to seek an appropriate court order to require the municipal or county Lessees to raise taxes.

All Private Borrowers (other than nonprofit entities) issue their Borrower Bonds under the New Jersey Business Corporation Act, constituting Chapter 263 of the Pamphlet Laws of 1968 of the State (N.J.S.A. 14A:1-1 et seq.), as the same has been and may from time to time be amended and supplemented (the “Business Corporation Law”). The Business Corporation Law permits private corporations (the “Private Borrower Guarantors”; the Government Borrower Guarantors and the Private Borrower Guarantors shall be referred to collectively herein as the “Borrower Guarantors”) to guaranty unconditionally and irrevocably (the “Private Borrower Guarantees”; the Government Borrower Guarantees and the Private Borrower Guarantees shall be referred to collectively herein as the “Borrower Guarantees”) the payment of debt service on the Borrower Bonds of Private Borrowers, which guaranty payments (the “Private Guaranty Payments”; the Government Guaranty Payments and the Private Guaranty Payments shall be referred to collectively herein as the “Guaranty Payments”) shall be made from any available source or one or more dedicated sources, all as set forth in the Private Borrower Guarantees. Moreover, certain Private Borrowers may be required to additionally secure their Borrower Bonds with letters of credit (the “Private Borrower Letters of Credit”) issued by financial institutions authorized to transact business in the State, mortgages (the “Private Borrower Mortgages”) or special reserve funds (the “Private Borrower Special Reserve Funds”).

In the event that any Private Borrower that has entered into Private Borrower Guaranties involving the full faith and credit pledge of Private Guaranty Payments payable by its Private Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Private Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Private Borrower under the applicable Private Borrower Guaranties. This would include the right of such Private Borrower to seek specific performance on the full faith and credit pledge of Private Guaranty Payments by the Private Borrower Guarantors under the Private Borrower Guaranties.

Depending on the specific security applicable to each Borrower Bond, a Loan repayment can be timely made in full by a Borrower in a Coverage Providing Financing Program from sources other than revenues or general obligation taxes if such amounts are not forthcoming. Borrower Bonds of Authority Borrowers and Private Borrowers may be additionally
secured by amounts on deposit in debt service reserve funds or special reserve funds created and existing under the respective Borrower Bond Resolutions. These debt service reserve funds or special reserve funds will be drawn on when System revenues (including Annual Charges, Indirect Annual Charges, Government Guaranty Payments, Lessee Payments or Private Guaranty Payments) and, if applicable, general obligation taxes are insufficient to pay debt service on any Borrower Bonds on any applicable debt service payment date. To the extent any such debt service reserve funds or special reserve funds have been depleted and have not been replenished under the terms of the applicable Borrower Bond Resolutions, the scheduled payment of principal of and interest on certain Borrower Trust Loan Bonds and certain Borrower Fund Loan Bonds may be guaranteed by nationally recognized municipal bond insurance companies. These policies may then be drawn on to make timely payment of the respective series of Borrower Bonds.

Under Section 12a of the Trust Act, certain Trust Loans remaining unpaid for thirty (30) days may be satisfied from State-aid otherwise due, as applicable, to the municipal or county Borrower (including a Borrower making Lessee Payments under a Borrower Lessee Agreement), the municipal or county Participant of an Authority Borrower that has pledged the payment of Annual Charges, the municipal or county Government Borrower Guarantor of an Authority Borrower that has pledged the payment of Government Guaranty Payments or the municipal or county Lessee that has pledged the payment of Lessee Payments under a Borrower Lessor Agreement. The State-aid intercept is not available for Trust Loan repayments from Authority Borrowers directly, from Private Borrowers, from Private Borrower Guarantors, from the Participants of Authority Borrowers whose obligations arise by statute (as opposed to Borrower Service Agreements) and from Indirect Participants. The State-aid intercept is also not available for the repayment of Borrower Fund Loan Bonds.

The Trustee in any Coverage Providing Financing Program acting for the benefit of the holders of a series of Bonds secured by Trust Loans that are past due will automatically receive any Fund Loan repayments made by the other Borrowers in any such Coverage Providing Financing Program up to an amount necessary to satisfy any such deficiency. Any such Trustee need not pursue nor cause the Trust to pursue any of the rights or remedies discussed above in order to receive the Fund Loan repayments since all Loan repayments for any given Coverage Providing Financing Program are commingled in the Trust Bonds Security Account held by the applicable Loan Servicer. These amounts are immediately payable to the applicable Trustee upon receipt thereof. Regardless of whether the Trustee satisfies this deficiency from Fund Loan repayments, the Trust and the Trustee retain their rights to pursue the other remedies discussed above. Although no remedy discussed above need be pursued prior to any other remedy, no remedy may be pursued prior to the time when the Trust or the Trustee, as the case may be, obtains those rights. Except for the State-aid intercept, which cannot be invoked until thirty (30) days have passed from the time of a Trust Loan delinquency, all of the rights and remedies discussed above are available to the Trust and the Trustee immediately upon the failure by a Borrower to make a complete and timely Trust Loan repayment.

Notwithstanding the existence of the remedies noted in the foregoing paragraphs, the Trust cannot assure that a court of competent jurisdiction would enforce these rights.


The following sections discuss, in order of priority, the specific provisions for security for the payment of the principal of or redemption premium, if any, of and the interest on the Series 2003 Bonds:

1. Series 2003 Trust Loan Agreements

Pursuant to the Series 2003 Trust Loan Agreements:

(i) Upon the issuance by the Trust of its Series 2003 Bonds, each Series 2003 Borrower must deliver to the Trust a valid Series 2003 Borrower Trust Loan Bond evidencing the repayment obligation of such Series 2003 Borrower with respect to the Series 2003 Trust Loan.

(ii) The Series 2003 Trust Loan repayments payable by the Series 2003 Borrowers pursuant to their respective Series 2003 Trust Loan Agreements will equal the principal and interest payments that the Trust is required...
to make on the allocable portion of the Series 2003 Bonds issued by the Trust to make the Series 2003 Trust Loans and will be due from the Series 2003 Borrowers on February 1 (interest only) and August 1 (principal and interest) of each year (except in the case of certain Series 2003 Borrowers that will make their semiannual payments earlier than required in satisfaction of requirements set forth in their respective Series 2003 Borrower Trust Loan Bond Resolutions), with interest payments commencing August 1, 2004, until the end of the Series 2003 Trust Loan terms, such dates being at least thirty (30) days prior to the respective March 1 and September 1 payment dates for the Series 2003 Bonds.

(iii) Each Series 2003 Trust Loan Agreement will establish certain conditions precedent to the prepayment of the Series 2003 Trust Loan or the Series 2003 Borrower Trust Loan Bond or to the assignment of such Series 2003 Trust Loan Agreement by the applicable Series 2003 Borrower, which preconditions include, but are not limited to, the written approval thereof by the Trust.

In addition, all principal of Borrower Fund Loan Bonds is payable at least thirty (30) days prior to the respective series of Bonds from which any companion Trust Loans were funded in order to provide additional security for such Bonds.

General Obligation Series 2003 Borrowers. The obligations of certain Series 2003 Borrowers (the “General Obligation Series 2003 Borrowers”) to repay their Series 2003 Trust Loans will be direct and general obligations and ultimately payable from its general tax revenues. Under the terms of its respective Series 2003 Trust Loan Agreement, each General Obligation Series 2003 Borrower will (i) covenant to provide the resources to maintain its System in good repair and operating condition and (ii) irrevocably pledge its full faith and credit and covenant to exercise its unlimited taxing powers for the punctual payment of the principal of and interest on its Series 2003 Trust Loan and its Series 2003 Borrower Trust Loan Bond. Simultaneously with the execution of the Series 2003 Trust Loan Agreements, the Trust will receive an opinion from counsel to each General Obligation Series 2003 Borrower to the effect that such General Obligation Series 2003 Borrower has no bonds, notes or other debt obligations outstanding that are superior to or senior to its Series 2003 Borrower Trust Loan Bond as to the pledge of and lien on the general tax revenues of such General Obligation Series 2003 Borrower.

Special Obligation Series 2003 Borrowers. The obligations of certain Series 2003 Borrowers (the “Special Obligation Series 2003 Borrowers”) to repay their Series 2003 Trust Loans will be direct and general obligations of each such Series 2003 Borrower and will be payable solely from the pledged revenues or other receipts of its respective System. The obligations of certain Special Obligation Series 2003 Borrowers (the “Junior Lien Series 2003 Borrowers”) to repay their respective Series 2003 Trust Loans will be payable from funds made available by such Series 2003 Borrowers under their respective subordinate lien Borrower Bond Resolutions. (Notwithstanding the foregoing, the municipal and county Participants for the Junior Lien Series 2003 Borrowers are each required to exercise their unlimited taxing power in order to pay their respective Annual Charges. See “Sources of Repayment of Loans” herein.)

Under the terms of its Series 2003 Trust Loan Agreement, each Special Obligation Series 2003 Borrower will pledge to (i) maintain its System in good repair and operating condition, and (ii) establish, levy and collect rents, rates and other charges for the products and services provided by its System, which shall be at least sufficient (a) to meet the operation and maintenance expenses of such System and (b) to generate funds sufficient to fulfill the terms and conditions of all contracts and agreements made by it, including, without limitation, its Series 2003 Trust Loan Agreement and its Series 2003 Borrower Trust Loan Bond. Simultaneously with the execution of the Series 2003 Trust Loan Agreements, the Trust will receive an opinion from counsel to each Special Obligation Series 2003 Borrower, except for the Junior Lien Series 2003 Borrowers, to the effect that such Special Obligation Series 2003 Borrower has no bonds, notes or other debt obligations outstanding that are superior to or senior to its Series 2003 Borrower Trust Loan Bond as to the pledge of and lien on the pledged revenues of such Special Obligation Series 2003 Borrower’s System.

For additional information regarding the provisions, terms and conditions of the Series 2003 Trust Loan Agreements, see Appendix F hereto – “SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2003 BORROWERS), THE SERIES 2003 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS.” For information concerning which Series 2003 Borrowers are General Obligation Series 2003 Borrowers and Special Obligation Series 2003 Borrowers, see Appendix B hereto - “SERIES 2003 BORROWERS.”
2. **Series 2003 Borrower Debt Service Reserve Funds**

   If and when a Special Obligation Series 2003 Borrower is unable to make its Series 2003 Trust Loan repayment in full when due from pledged System revenues, the Trustee for the applicable Series 2003 Borrower Trust Loan Bonds and the Series 2003 Borrower Fund Loan Bonds (collectively, the “Series 2003 Borrower Bonds”) is required to satisfy any such deficiency on the Series 2003 Trust Loan repayment date, if applicable, from a draw on the debt service reserve fund created and existing pursuant to the applicable Series 2003 Borrower Trust Loan Bond Resolution (the “Series 2003 Borrower Debt Service Reserve Fund”) for such Special Obligation Series 2003 Borrower. However, not all Series 2003 Borrower Trust Loan Bond Resolutions require the funding of a Series 2003 Borrower Debt Service Reserve Fund. For information concerning which Special Obligation Series 2003 Borrowers are required to fund a Series 2003 Borrower Debt Service Reserve Funds, see Appendix B hereto - “SERIES 2003 BORROWERS.”

3. **Series 2003 Borrower Service Agreements**

   As further security for the payment of the Series 2003 Bonds, most Special Obligation Series 2003 Borrowers have entered into a Borrower Service Agreement (the “Series 2003 Borrower Service Agreements”) with Participants (the “Series 2003 Participants”) that receive environmental infrastructure service from such Special Obligation Series 2003 Borrower. The Series 2003 Borrower Service Agreements require that Series 2003 Participants pay certain deficiencies or other amounts (the “Series 2003 Annual Charges”), including the Series 2003 Participants’ share of debt service on the respective Series 2003 Borrower Bonds of the respective Special Obligation Series 2003 Borrower. Pursuant to the Series 2003 Borrower Service Agreements, any deficiency giving rise to a Series 2003 Annual Charge is calculated at the end of each fiscal year of the Special Obligation Series 2003 Borrower and is submitted to the Series 2003 Participant for payment as provided therein. Under the terms of the respective Series 2003 Borrower Service Agreements, the Authorities Laws and all other applicable law, the municipal and county Series 2003 Participants are required to levy ad valorem taxes upon all of the taxable property within the jurisdiction of the municipal and county Series 2003 Participants, without limitation as to rate or amount, in order to pay the respective Series 2003 Annual Charges.

   If and when any Special Obligation Series 2003 Borrower with a Series 2003 Borrower Service Agreement is unable to make its Series 2003 Trust Loan repayment in full when due from pledged System revenues and is unable to satisfy any such deficiency in full from a draw on its Series 2003 Borrower Debt Service Reserve Fund, if applicable, such Special Obligation Series 2003 Borrower has covenanted in its Series 2003 Trust Loan Agreement to take all measures permitted under its Series 2003 Borrower Service Agreement to collect such deficiency from its Series 2003 Participants. This obligation arises immediately on the Series 2003 Trust Loan payment date.

   For information regarding Special Obligation Series 2003 Borrowers, the Series 2003 Trust Loan repayments of which are secured by Series 2003 Borrower Service Agreements, see Appendix B hereto - “SERIES 2003 BORROWERS.”

4. **Series 2003 Loan Servicing Agreement**


   On or before each Series 2003 Loan repayment due date, each Series 2003 Borrower will make one payment to the Series 2003 Loan Servicer in an amount equal to the Series 2003 Trust Loan repayment, the Trust administrative fee payment, the Series 2003 Fund Loan repayment and, if applicable, the State administrative fee payment then due. Regardless of the manner in which each Series 2003 Borrower is credited for such payment, the Series 2003 Loan Servicer shall apply the total of all such payments received from all Series 2003 Borrowers as follows: FIRST, to the Series 2003 Trust Bonds Security Account to be paid over to the Series 2003 Trustee for the satisfaction of debt service due on the Series 2003 Bonds; SECOND, to the satisfaction of the Trust’s administrative fee payment then due, if any; THIRD, to the Master Program
Trustee for deposit in the Master Program Trust Account for the eventual satisfaction of the total amount of principal due on the related zero-interest Series 2003 Fund Loans; and, FOURTH, to the satisfaction of the State’s administrative fee payment then due, if any.

5. **State-Aid Intercept Powers of the Trust under the Trust Act**

If and when a Series 2003 Trust Loan repayment deficiency has not been satisfied by any of the above and once 30 days have passed from the original Series 2003 Trust Loan repayment date, the Trust has the right to seek reimbursement from the State Treasurer in the amount of such deficiency from State-aid otherwise payable to any such General Obligation Series 2003 Borrower or certain municipal or county Series 2003 Participants.

As authorized by the Trust Act, the Trust shall require that, if a Series 2003 Borrower fails to pay to the Trust in full any of its “obligations” (as defined in the Trust Act) and such deficiency remains unpaid for a period of 30 days, the State Treasurer shall pay to the Trust the following amounts: (i) if the Series 2003 Borrower is a General Obligation Series 2003 Borrower, the State Treasurer shall pay an amount sufficient to satisfy such unpaid obligations from State-aid payable to the General Obligation Series 2003 Borrower or (ii) if the Series 2003 Borrower is a Special Obligation Series 2003 Borrower, the State Treasurer shall pay an amount sufficient to satisfy such unpaid obligations from State-aid payable to any municipal or county Series 2003 Participant that has executed a Series 2003 Borrower Service Agreement with any such Special Obligation Series 2003 Borrower. As defined in the Trust Act, “obligations” of the Series 2003 Borrowers include, but are not limited to, principal and interest on the Series 2003 Borrower Trust Loan Bonds issued by the Series 2003 Borrowers to the Trust and any Series 2003 Annual Charges payable by the Series 2003 Participants under any such Series 2003 Borrower Service Agreement.

The State-aid subject to interception by the Trust for General Obligation Series 2003 Borrowers or municipal and county Series 2003 Participants includes franchise and gross receipts taxes, business personal property tax replacement revenues, insurance franchise tax replacement revenues, taxes on financial businesses and revenues from the municipal purposes tax assistance fund and other similar forms of State-aid payable to the General Obligation Series 2003 Borrowers and the applicable municipal or county Series 2003 Participants. The State-aid subject to interception by the Trust for county Series 2003 Participants also includes State sharing of taxes based on insurance companies. ALL STATE-AID IS SUBJECT TO ANNUAL APPROPRIATIONS BY THE STATE LEGISLATURE. State-aid may include, to the extent permitted by federal law, federal moneys appropriated or apportioned by the State to the General Obligation Series 2003 Borrowers and the applicable municipal or county Series 2003 Participants.

6. **Master Program Trust Agreement**

Upon the issuance of the Series 1995 Bonds, the Trust, the State, the prior Loan Servicers, the prior Trustees and United States Trust Company of New York, as master program trustee thereunder, entered into the Master Program Trust Agreement, dated as of November 1, 1995 (the “Master Program Trust Agreement”). In accordance with that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the “Master Program Trustee”) as of November 1, 2001. The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to the Series 2003 Bonds has been reached and the Series 2003 Trustee is still unable to satisfy the debt service payment due on the Series 2003 Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement.

Pursuant to the Loan Servicing Agreement for any such Coverage Providing Financing Program, all Loan repayments are commingled in a Trust Bonds Security Account. The Loan Servicer immediately pays over these amounts on deposit in the Trust Bonds Security Account to the Trustee for any such series of Bonds up to an amount sufficient to pay debt service on any such series of Bonds due on the next scheduled semiannual payment date. Once the Loan Servicer has satisfied this debt service requirement, after paying the Trust its nominal administrative fee and, if applicable, after paying the State its nominal administrative fee, the Loan Servicer repays all Loan moneys so received to the Master Program Trustee for deposit in the Master Program Trust Account. The Master Program Trustee holds all moneys, and securities purchased with
moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. The Master Program Trustee will make the moneys deposited in the Master Program Trust Account (and all subaccounts therein) available on the immediately succeeding March 1 and September 1 to pay debt service on Coverage Receiving Bonds. Thereafter, and if not needed to pay debt service on any such series of Coverage Receiving Bonds, the moneys deposited in the Master Program Trust Account will be returned to the State.

The Trustee for any series of Coverage Receiving Bonds is required to provide the Trust, the State, the Master Program Trustee and the Loan Servicer for any such Financing Program with a fifteen (15) day preliminary advance warning if that Trustee does not have sufficient moneys to pay debt service on the next debt service payment date. If a deficiency remains by 9:30 a.m. on the second Business Day immediately preceding the applicable debt service payment date, the Trustee for any such adversely affected series of Coverage Receiving Bonds shall issue a formal notice of deficiency (the “Notice”) to the Trust, the State, the Master Program Trustee and the Loan Servicer for such series of Coverage Receiving Bonds. Thereupon, the Master Program Trustee shall pay every such Trustee that has issued a Notice from funds on deposit in the Master Program Trust Account (and all subaccounts therein) an amount to satisfy all such deficiencies. If the Master Program Trustee receives Notices citing deficiencies in excess of the total amount on deposit in the Master Program Trust Account, the Master Program Trustee shall pay out all available moneys to each adversely affected Trustee in proportion to the amount of their respective deficiencies.

In addition to the amounts originally deposited in the Master Program Trust Account by the Loan Servicers of each Coverage Providing Financing Program from the balance of Fund Loan repayments, other moneys are available in subaccounts of the Master Program Trust Account to satisfy potential deficiencies in debt service payments for Coverage Receiving Bonds. One Business Day after the remaining Fund Loan repayments are made available from the Master Program Trust Account to satisfy debt service deficiencies, moneys not actually needed on any such March 1 or September 1 are retained in a subaccount of the Master Program Trust Account to be made available for the same purpose on the immediately following semiannual debt service payment date. This holdback allows the Master Program Trustee to keep as the minimum balance (assuming all scheduled Loans are timely and completely paid) in the Master Program Trust Account the entire prior year’s Fund Loan repayments from all Coverage Providing Financing Programs, thereby providing additional security for all Coverage Receiving Bonds on each March 1 and September 1. One Business Day thereafter, such moneys are returned to the State in satisfaction of the Fund Loans, unless all or a portion of such moneys is needed to satisfy any actual deficiency in Fund Loan repayments received by the Master Program Trustee from the amounts scheduled for receipt. In addition, the Trust has the right, but not the obligation, to make an equity contribution into subaccounts of the Master Program Trust Account to secure the Coverage Receiving Bonds further.

Notwithstanding the foregoing, the Series 1998B Bonds, that portion of the Series 1999A Bonds issued on behalf of a Private Borrower, the Series 1999B Bonds, the Series 2000B Bonds, that portion of the Series 2001B Bonds issued on behalf of Private Borrowers, that portion of the Series 2002B Bonds issued on behalf of Private Borrowers and any other Future Bonds issued on behalf of Private Borrowers shall not be entitled to that portion of the Master Program Trust Account (approximately 7.47% at present, but subject to change) that was funded from Fund Loans, the original source of which was general obligation bonds of the State.

7. **Series 2003 Debt Service Reserve Fund**

To the extent the Master Program Trustee is unable to satisfy the deficiency in whole on the Interest Payment Date and/or the Principal Payment Date, as the case may be, the Series 2003 Trustee must immediately draw on that portion of the Series 2003 Debt Service Reserve Fund allocable to the Series 2003 Borrower whose delinquent Series 2003 Trust Loan repayment caused the deficiency in funds to satisfy any residual deficiency in the debt service payment due and owing on the Series 2003 Bonds on any such date.

The amount necessary to satisfy the Series 2003 Debt Service Reserve Requirement is $5,620,347.50, and was provided to the Trust from moneys appropriated by the State.

In the event that a Series 2003 Borrower is deficient in the payment of a Series 2003 Trust Loan repayment under its Series 2003 Trust Loan Agreement and such deficiency cannot be fully satisfied from one of the available security sources, the Series 2003 Trustee shall transfer from the Series 2003 Debt Service Reserve Fund on the Interest Payment Date or maturity date or Sinking Fund Installment due date, as the case may be, the amount of such deficiency to the appropriate account in the Debt Service Fund; provided, however, that the Series 2003 Trustee may only transfer such amount that, when added to all unreimbursed prior transfers made from the Series 2003 Debt Service Reserve Fund as a result of deficient Series 2003 Trust Loan repayments by said Series 2003 Borrower, does not exceed said Series 2003 Borrower’s pro rata share of the Series 2003 Debt Service Reserve Fund. A Series 2003 Borrower’s pro rata share of the Series 2003 Debt Service Reserve Fund shall be an amount equal to the product of (a) the Series 2003 Debt Service Reserve Requirement and (b) said Series 2003 Borrower’s Allocable Share (as defined in the Series 2003 Bond Resolution). See Appendix E - “SUMMARY OF THE SERIES 2003 BOND RESOLUTION, THE SERIES 2003 LOAN SERVICING AGREEMENTS, THE MASTER PROGRAM TRUST AGREEMENT AND THE TRUST CONTINUING DISCLOSURE AGREEMENT” herein.

Each Series 2003 Borrower will acknowledge in its Series 2003 Trust Loan Agreement that payment of the Series 2003 Bonds by the Trust, including payment from moneys drawn by the Series 2003 Trustee from the Series 2003 Debt Service Reserve Fund, does not constitute payment of the amounts due under its Series 2003 Trust Loan Agreement and its Series 2003 Borrower Trust Loan Bond. Each Series 2003 Borrower will further agree that if at any time the amount in the Series 2003 Debt Service Reserve Fund shall be less than the Series 2003 Debt Service Reserve Requirement as the result of any transfer of moneys from the Series 2003 Debt Service Reserve Fund to the Debt Service Fund due to a failure by such Series 2003 Borrower to make any required Series 2003 Trust Loan repayments, such Series 2003 Borrower shall (i) replenish such moneys so transferred and (ii) replenish any deficiency, including interest, arising from losses incurred in making such transfer (as the result of the liquidation by the Trust of Investment Securities acquired as an investment of moneys in the Series 2003 Debt Service Reserve Fund) by making payments to the Trust in equal monthly installments for the lesser of six months or the remaining term of the Series 2003 Loan in an amount sufficient to replenish its pro rata share of the Series 2003 Debt Service Reserve Fund.

8. Event of Default

To the extent that the remedies discussed in the preceding sections are insufficient to satisfy any repayment deficiency and cause the occurrence of an Event of Default pursuant to the Series 2003 Bond Resolution, the Series 2003 Bonds are subject to acceleration prior to their stated maturities at the times and in the manner set forth in the Series 2003 Bond Resolution. (See Appendix E hereto - “SUMMARY OF THE SERIES 2003 BOND RESOLUTION, THE SERIES 2003 LOAN SERVICING AGREEMENTS, THE MASTER PROGRAM TRUST AGREEMENT AND THE TRUST CONTINUING DISCLOSURE AGREEMENT” herein.)

State General Taxing Power Not Pledged

Pursuant to the Trust Act and the Series 2003 Bond Resolution, the Series 2003 Bonds shall be special obligations of the Trust and shall not in any way be a debt or liability of the State or of any political subdivision thereof (other than the Trust, but solely to the extent of the Series 2003 Trust Estate), and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof (other than the Trust, but solely to the extent of the Series 2003 Trust Estate). The principal and redemption premium, if any, of and the interest on the Series 2003 Bonds shall be payable from and secured by the pledge by the Trust of the Series 2003 Trust Estate and by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement.
### SOURCES AND USES OF FUNDS FOR THE SERIES 2003 BONDS

**SOURCES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Principal Amount of Series 2003 Bonds</td>
<td>$66,420,000</td>
</tr>
<tr>
<td>Trust Contribution for Deposit in Debt Service Reserve Fund (1)</td>
<td>$5,620,347</td>
</tr>
<tr>
<td>Net Original Issue Premium</td>
<td>$2,361,911</td>
</tr>
<tr>
<td><strong>TOTAL SOURCE OF FUNDS</strong></td>
<td><strong>$74,402,259</strong></td>
</tr>
</tbody>
</table>

**USES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Fund Deposits (2)</td>
<td>$65,132,562</td>
</tr>
<tr>
<td>Capitalized Interest (3)</td>
<td>$3,064,652</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>$143,668</td>
</tr>
<tr>
<td>Debt Service Reserve Fund</td>
<td>$5,620,347</td>
</tr>
<tr>
<td>Underwriter's Discount</td>
<td>$441,028</td>
</tr>
<tr>
<td><strong>TOTAL USES OF FUNDS</strong></td>
<td><strong>$74,402,259</strong></td>
</tr>
</tbody>
</table>

Accrued interest received upon delivery of the Series 2003 Bonds is to be deposited with the Series 2003 Trustee in the Debt Service Fund and will be used to pay interest on the Series 2003 Bonds due on the initial payment date.

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(1) These moneys have been provided to the Trust from moneys appropriated by the State.

(2) A portion of the Project cost of each Project is to be funded by the Trust Loan for such Project. A minimum of fifty percent of the Allowable Costs of each Project (depending on Smart Growth Project status) will be funded by the State with a Series 2003 Fund Loan. (See "THE FINANCING PROGRAM").

(3) For certain Series 2003 Borrowers, interest is capitalized for a period ending no later than the next ensuing Interest Payment Date after the scheduled completion of its Project.
SECONDARY MARKET DISCLOSURE

In connection with the provisions of Rule 15c2-12, as amended, supplemented and officially interpreted from time to time, or any successor provision thereto, promulgated by the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Trust has determined that, with regard to the Series 2003 Bonds, it is not an “obligated person,” as defined therein.

Furthermore, the Trust has determined in the Series 2003 Bond Resolution that those Borrowers (from any Financing Program) whose remaining Fund Loan repayments in all Coverage Providing Financing Programs, when aggregated with their Series 2003 Trust Loan repayments, if any, exceed ten percent (10%) of the sum of (i) the aggregate of all remaining Fund Loan repayments from all Borrowers in all Coverage Providing Financing Programs and (ii) the aggregate of all remaining Series 2003 Trust Loan repayments from all Series 2003 Borrowers, shall be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2003 Financing Program. To the extent any such Borrowers have entered into Borrower Service Agreements with Participants and any such Participants have entered into Indirect Borrower Service Agreements with Indirect Participants whereby Annual Charges or Indirect Annual Charges, as the case may be, materially secure such Loan repayments of any such Borrower, any such Participants and Indirect Participants shall also be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2003 Financing Program.

Each Series 2003 Borrower has covenanted in its Series 2003 Trust Loan Agreement, for the benefit of the 2003 Bondholders, to enter into a Borrower Continuing Disclosure Agreement (the “Borrower Continuing Disclosure Agreement”) should it meet, at any time during the term of its respective Trust Loan, the material “obligated persons” test referred to above. Such Borrower Continuing Disclosure Agreement obligates any such Series 2003 Borrower to provide (i) certain financial information and operating data relating to such Series 2003 Borrower and the Participants and Indirect Participants, if any, of such Series 2003 Borrower, including, without limitation, audited financial statements, within 225 days after the end of each fiscal year for which any such Borrower Continuing Disclosure Agreement is in effect (the “Annual Report”), and (ii) notice to the Trust of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the Annual Report and the notices of material events is summarized in Appendix F hereto – “SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2003 BORROWERS), THE SERIES 2003 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS.”

The Borrower Continuing Disclosure Agreement further requires that the Annual Report be delivered by or on behalf of such Series 2003 Borrower to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC (each a “NRMSIR”) and to the State Information Depository recognized by the SEC (the “SID”), if any. Notices of material events relating to the Series 2003 Trust Loan Bonds of such Series 2003 Borrower will be filed by such Series 2003 Borrower with the Trust, and the notices of material events relating to the Series 2003 Bonds will be filed directly by the Trust with each NRMSIR or with the Municipal Securities Rulemaking Board (the “MSRB”) and the SID, if any. The obligations under the Borrower Continuing Disclosure Agreement shall continue through final maturity (stated or otherwise) of the Series 2003 Bonds, but shall terminate when any such material “obligated persons” shall no longer meet the material “obligated persons” test with respect to the Series 2003 Financing Program. The Trust shall have no liability to the Series 2003 Bondholders or to any other person with respect to the secondary market disclosure of any such material “obligated persons.” See Appendix F – “SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE SERIES 2003 BORROWERS), THE SERIES 2003 FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS” herein.

In light of the additional security provided for the Series 2003 Financing Program (along with the existing Financing Programs and all other future Coverage Receiving Financing Programs) through certain Fund Loan repayments in Coverage Providing Financing Programs, the Trust has determined that only the below-defined Borrowers, Participants and Indirect Participants, if any, will be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 for the Series 2003 Financing Program. In connection with the provisions of Rule 15c2-12, the Trust has determined that no financial or operating data concerning the remaining Borrowers, Participants and Indirect Participants is material to any decision to purchase, hold or sell the Series 2003 Bonds, and the Trust will not itself provide or cause any such other Borrowers, Participants and Indirect Participants to provide any such information with respect to any such Borrowers, Participants and Indirect Participants.
As of the date of issuance of the Series 2003 Bonds, there are no Borrowers that meet this material "obligated persons" test for the Series 2003 Financing Program. In addition, as of such issuance, no Participants or Indirect Participants meet this test.

Based upon official interpretations of Rule 15c2-12, the Trust has determined that, in connection with the Series 2003 Bonds, the Series 2003 Financing Program is an "obligated person," as defined therein. In addition, on the date of delivery of the Series 2003 Bonds, the Trust will enter into a Trust Continuing Disclosure Agreement (the "Trust Continuing Disclosure Agreement"); the Borrower Continuing Disclosure Agreement and the Trust Continuing Disclosure Agreement shall be referred to collectively herein as the "Continuing Disclosure Agreements"), for the benefit of the beneficial owners of the Series 2003 Bonds, pursuant to which the Trust will agree to comply on a continual basis with the disclosure requirements of Rule 15c2-12 relating to the Series 2003 Financing Program. Specifically, the Trust will covenant to provide certain financial information relating to the Series 2003 Financing Program, which financial information will be similar to that provided herein in Appendix D hereto – "AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS," relating to each existing and future Coverage Providing Financing Program (the "Series 2003 Financing Program Annual Report") to each NRMSIR and the SID, if any. In addition, the Trust will covenant to provide notices of the occurrence of certain enumerated events, if material, relating to the Series 2003 Bonds to each NRMSIR or to the MSRB and the SID, if any. The specific nature of the information to be contained in the Series 2003 Financing Program Annual Report and the notices of material events is summarized in Appendix E hereto – "SUMMARY OF THE SERIES 2003 BOND RESOLUTION, THE SERIES 2003 LOAN SERVICING AGREEMENTS, THE MASTER PROGRAM TRUST AGREEMENT AND THE TRUST CONTINUING DISCLOSURE AGREEMENT."

The sole and exclusive remedy for breach of or default under the Continuing Disclosure Agreements to provide continuing disclosure as described above is an action to compel specific performance of the Continuing Disclosure Agreements of the parties thereto, and no person, including any holder of the Series 2003 Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreements, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided. The Continuing Disclosure Agreements also may be amended or modified without the consent of the holders of the Series 2003 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreements when executed by the parties thereto upon the delivery of the Series 2003 Bonds will be on file at the office of the Series 2003 Trustee.

The Trust has previously entered into undertakings required pursuant to Rule 15c2-12 similar to the undertaking contained in the Trust Continuing Disclosure Agreement. Such prior undertakings were entered into in connection with the 1996 Financing Program, the 1997 Financing Program, the 1998 Financing Program, the 1999 Financing Program, the 2000 Financing Program, the 2001 Financing Program, the 2002 Financing Program and refunding bond issues completed in 1996, 1997, 1998, 2001 and 2003. Annual financial information required pursuant to these prior undertakings is similar in form to the Series 2003 Financing Program Annual Report. The Trust has not previously been in default with respect to any of its continuing disclosure undertakings, except with respect to an administrative oversight by the Trust that resulted in the late submission of annual financial information required by undertakings of the Trust in connection with the refunding bond issues completed in 1996, which annual financial information was submitted to each NRMSIR in 1998 four weeks subsequent to the date required therefor by such undertakings. The Trust has since put in place the appropriate procedures to prevent such a default from occurring in the future. The Trust is not currently in default with respect to any of its continuing disclosure undertakings.

**ABSENCE OF MATERIAL LITIGATION**

There is no litigation or controversy now pending concerning the issuance, sale or delivery of the Series 2003 Bonds or in any way contesting or affecting the validity of the Trust Act, the Series 2003 Bonds or the proceedings of the Trust taken with respect to the issuance and sale thereof or the pledge of the Series 2003 Trust Estate.
ENFORCEABILITY OF REMEDIES

The remedies available to the Series 2003 Trustees or the Series 2003 Bondholders upon the occurrence of an event of default under the Series 2003 Bond Resolution or any other related financing documents are dependent upon judicial actions that are often based on the discretion of the judge overseeing a proceeding. Administrative delays may also have an impact on the timetable for judicial approval of the exercise of certain remedies. Under existing law, the remedies provided in such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2003 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by federal and State laws affecting the rights of creditors generally, and creditors in this type of transaction specifically, including the availability of equitable remedies.

The United States Bankruptcy Code, 11 U.S.C. §§101 et seq. (the “Bankruptcy Code”), permits entities that are unable to meet their debts to file a bankruptcy petition in the appropriate vicinage of the United States Bankruptcy Court. Each Local Unit Borrower would be a “municipality” (as defined in the Bankruptcy Code), and any bankruptcy of a Local Unit Borrower would be governed by Chapter 9 of the Bankruptcy Code. Each Private Borrower would not be a municipality for purposes of the Bankruptcy Code. A Private Borrower would not be permitted to file a bankruptcy under Chapter 9 of the Bankruptcy Code, and would be required to pursue a bankruptcy under Chapter 7 or Chapter 11 of the Bankruptcy Code. Pursuant to the Bankruptcy Code, the Series 2003 Trustee must be notified of any bankruptcy. The petition, which is the document a Local Unit Borrower or a Private Borrower files to initiate a bankruptcy case, automatically stays any non-bankruptcy judicial or other proceeding against such Local Unit Borrower or Private Borrower.

The debts of a Local Unit Borrower are adjusted by a plan, which must meet the requirements of Chapter 9 of the Bankruptcy Code, 11 U.S.C. §§901 et seq. The debts of a Private Borrower are either adjusted by a plan, which must meet the requirements of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§1101 et seq., or the debts are satisfied by a pro-rata liquidation of the Private Borrower’s assets pursuant to Chapter 7 of the Bankruptcy Code, 11 U.S.C. §§701 et seq. Among other things, under Chapter 9 or Chapter 11, the plan must be approved by creditors of at least two-thirds of the amount of debts, and more than one-half of the creditors. To preserve the Series 2003 Bondholders’ claim in any bankruptcy, the Series 2003 Trustee may be required to file a claim and to undertake other actions in the Bankruptcy Court. Failure to take such actions may impair the Series 2003 Bondholders’ claim. In any bankruptcy, it is possible that the debts created by the Series 2003 Bonds will not be paid in full and will be discharged with respect to such Local Unit Borrower or Private Borrower in bankruptcy.

Under Chapter 9, the Bankruptcy Code provides that special revenues shall continue to be available to pay debt service secured by those revenues, and are not subject to claims by other creditors of the bankrupt municipality. Claimants whose only recourse for payment is certain special revenues shall not have recourse against the municipality in a bankruptcy to any greater extent than that provided by State law and the applicable documents. Payments made for the benefit of the Series 2003 Bondholders immediately prior to the bankruptcy will not be deemed “preferential” (as defined in the Bankruptcy Code). These rights will likely not apply to bankruptcies of Private Borrowers, as such entities do not receive these benefits provided only in Chapter 9 of the Bankruptcy Code.

The State has authorized municipalities to file petitions for relief under the Bankruptcy Code pursuant and subject to Article 8 of the New Jersey Municipal Finance Commission Act (the “Commission Act”), N.J.S.A. §§52:27-40 et seq. The Commission Act provides that such petitions may not be filed without the prior approval of the Local Finance Board in the Division of Local Government Services of the State Department of Community Affairs, as successor to the Municipal Finance Commission referred to in the Commission Act (the “Local Finance Board”), and that no plan of adjustment of the debts of a municipality may be filed or accepted by the municipality, or confirmed by the Bankruptcy Court with the support of the municipality, without express authority from the Local Finance Board to file or support a plan of adjustment. These requirements would not apply to bankruptcies of the Private Borrowers.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER EXPECTS TO RESORT TO THE PROVISIONS OF THE BANKRUPTCY CODE OR THAT, IF ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, IF REQUIRED, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE SERIES 2003 BONDS.
LEGALITY FOR INVESTMENT

The Trust Act provides that the State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes, including, without limitation, the Series 2003 Bonds, issued pursuant to the Trust Act, and the bonds or notes shall be authorized security for any and all public deposits.

CERTAIN LEGAL MATTERS

Legal matters related to the authorization, issuance and delivery of the Series 2003 Bonds are subject to the approval of McCarter & English, LLP, Newark, New Jersey, bond counsel to the Trust (“Bond Counsel”). The opinion of Bond Counsel will be delivered with the Series 2003 Bonds in substantially the form included in Appendix G to this Official Statement. Certain legal matters in connection with the Series 2003 Bonds will be passed upon by the Trust’s General Counsel, Peter C. Harvey, Attorney General of the State of New Jersey.

TAX MATTERS


The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that may have to be met or must be met on a continuing basis subsequent to the issuance and delivery of the Series 2003 Bonds in order to assure that interest on the Series 2003 Bonds will be excluded from gross income for purposes of federal income taxation under Section 103 of the Code.

In the case of the Series 2003 Bonds, such requirements relate, among other things, to the use and investment of proceeds of the Series 2003 Bonds and rebate to the United States of America of certain arbitrage earnings. Failure of the Trust or the Series 2003 Borrowers to observe such requirements may cause interest on the Series 2003 Bonds to lose the exclusion from gross income provided under Section 103 of the Code, retroactive to the date of issuance of the Series 2003 Bonds. In the “Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” which will be delivered in connection with the issuance of the Series 2003 Bonds (the “Series 2003 Tax Certificate”) (the covenants under which do not constitute covenants under the Series 2003 Bond Resolution), the Trust will represent that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Series 2003 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as presently in force, interest on the Series 2003 Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. The Series 2003 Borrowers have covenanted not to take any action or fail to take any action that would cause interest on the Series 2003 Bonds to lose the exclusion from gross income under Section 103 of the Code or that would cause the Series 2003 Bonds to be “private activity bonds” as defined in Section 141(a) of the Code so as to cause interest on the Series 2003 Bonds to be treated as an item of tax preference under Section 57 of the Code.

Assuming continuing compliance by the Trust with the provisions and procedures set forth in the Series 2003 Tax Certificate and assuming the Series 2003 Borrowers observe their covenants with respect to continuing compliance with the Code, Bond Counsel is of the opinion that, for federal income tax purposes, under existing law, interest on the Series 2003 Bonds is excluded from gross income of the owners thereof pursuant to Section 103 of the Code and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Series 2003 Bonds, interest on the Series 2003 Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Series 2003 Bonds in “adjusted current earnings” of certain corporations.
Prospective purchasers of the Series 2003 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2003 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2003 Bonds from gross income pursuant to Section 103 of the Code and interest on the Series 2003 Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2003 Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2003 Bonds.

RATINGS

Fitch IBCA, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned long-term debt ratings of "AAA," "Aaa" and "AAA," respectively, to the Series 2003 Bonds. These ratings reflect only the view of Fitch, Moody's and S&P, respectively, and an explanation thereof may be obtained from Fitch, Moody's and S&P. Such ratings are not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by Fitch, Moody's or S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating on the Series 2003 Bonds may have an adverse effect on the market price of such Series 2003 Bonds.

MISCELLANEOUS

Information contained in this Official Statement with respect to the Series 2003 Financing Program and the Trust and copies of the related Bond Resolutions, Trust Loan Agreements, Fund Loan Agreements, Loan Servicing Agreements, Master Program Trust Agreement, Borrower Bond Resolutions, Borrower Service Agreements, Borrower Guaranties, Borrower Lease Agreements, Private Borrower Letters of Credit, Private Borrower Mortgages and Continuing Disclosure Agreements may be obtained from Dennis Hart, Executive Director, New Jersey Environmental Infrastructure Trust at the Trust Offices. This Official Statement is submitted in connection with the sale and issuance of the Series 2003 Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the Trust and duly executed and delivered on its behalf by the official signing below. Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the Trust are fully set forth in the Series 2003 Bond Resolution in accordance with the Trust Act, and this Official Statement is not to be construed as a contract or agreement between the Trust and the purchasers or owners of any of the Series 2003 Bonds.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: /s/ Robert A. Briant, Sr.
    Robert A. Briant, Sr.
    Chairman

DATED: October 15, 2003
APPENDIX A

NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS
NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS

A. Introduction

New Jersey's local finance system is regulated by various statutes designed to assure that all municipal governments and municipal or county utilities and sewerage authorities remain on a sound financial basis. Regulatory and remedial statutes are enforced by the Division of Local Government Services (the "Division") in the Department of Community Affairs. The following summaries do not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

B. Municipal Financial Management

Set forth below is a summary of various statutory requirements relevant to the municipal budget process.

The Local Budget Law

State Budget Requirements: Under the Local Budget Law, constituting Chapter 4 of Title 40A of the New Jersey Statutes (the "Local Budget Law"), every municipality must adopt a budget for each fiscal year in the form required by the Division. Most municipalities in the State operate on a calendar fiscal year, i.e., from January 1 to December 31. By virtue of the enactment of Chapter 75 of the Pamphlet Laws of 1991 of the State, certain municipalities operate on a State fiscal year, i.e., July 1 to June 30. Items of revenue and appropriation are examined by the Director of the Division (the "Director") prior to final adoption of the budget. Revenue items are only permitted to be included in the budget in such amounts as may be reasonably expected to be realized in cash during the fiscal year. Appropriation items must be set forth in the form required by the Local Budget Law, and appropriations for certain purposes such as debt service, any preceding year's cash deficit and reserve for uncollected taxes are subject to the Director's approval in accordance with the requirements of the Local Budget Law. Upon adoption, the budget constitutes an appropriation for the purposes stated therein and an authorization of the amount to be raised by taxation. The amount to be raised by taxation as stated in the municipal budget shall be the amount to be raised by taxation for municipal purposes and for school purposes where school district costs are required to be included in the municipal budget.

The Director has no authority over individual operating appropriations unless a specific amount is required by law. However, the review functions, focusing on anticipated revenues, serve to protect the solvency of all local units.

The operating budgets of municipalities must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. If in any year the municipality's expenditures exceed its realized revenues for that year, such excess (deficit) must then be raised in the succeeding year's budget.

Budget Process: The operating budget process includes submission of the budget to the governing body of the municipality, its approval by the governing body, its certification by the Director and its adoption thereafter by the governing body. The budget process usually consists of the review and, if appropriate, the modification of estimated appropriation requests of the operating directors and managers of the various municipal departments and agencies. Revenue estimates are made throughout the process to determine the amount of ad valorem taxes needed to balance the budget. Revenue estimates are provided by the various collecting agencies of the municipality and are based on previous years' receipts and instructions from the State as to what level of revenue to anticipate.

The governing body of each municipality is required to prepare and introduce an annual budget, after which it is advertised and reviewed at public hearings. Following introduction and initial approval of the budget, the governing body may amend the budget as it deems appropriate. If such amendments add a new item of appropriation in an amount in excess of 1% of the total amount of appropriations as stated in the approved budget, increase or decrease any item of appropriation by more than 10% or increase the amount to be raised by taxes by more than 5%, unless the same is made to include an emergency temporary appropriation only, the governing body must conduct a further public hearing with regard to such amendments. After the close of the hearing, and provided that the Director has approved the budget and any amendments thereto, the governing body may adopt the budget.

A-1
In order to provide for expenditures to be made in the period commencing with the beginning of a municipality's fiscal year and ending with adoption of the regular budget, temporary appropriations may be made by the governing body of the municipality through a resolution adopted within the first 30 days of the beginning of the municipality's fiscal year. Such temporary appropriations are normally made after the commencement of the fiscal year, and are generally limited to 25% of the total appropriations made for all purposes during the preceding fiscal year. Temporary appropriations required to be made for debt service, capital improvement funds and public assistance are not subject to this 25% limitation. All expenditures made against temporary appropriations must be provided for within the adopted budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted. Municipalities operating on a calendar fiscal year must transmit a copy of their budget to the County Board not later than 15 days following the adoption of the budget. Municipalities operating on the State fiscal year must transmit a copy of their budget to the County Board not later than 5 days following the adoption of the budget. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the County Board shall immediately notify the Director, who is authorized then to transmit to the County Board a certificate setting forth the amount required for the operation of the municipality for that fiscal year.

**Capital Budget:** In accordance with the Local Budget Law, each municipality must adopt and annually revise a six year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the municipality may contemplate over the six-year period. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of the municipality setting forth the items and the method of financing (including the authorization of bonds) or from the annual operating budget if the items were detailed.

**The CAP Law**

Sections 45.2 and 45.3 of Chapter 4 of Title 40A of the New Jersey Statutes (the "CAP Law") limit municipal expenditures. The CAP Law has been in effect since 1977 and has been amended several times. The CAP Law, as amended, generally limits increases of municipal appropriations over the previous year to no more than five percent (5%) or the index rate (the annual percentage increase in the U.S. Department of Commerce Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the year preceding the current year), whichever is less. However, certain expenditures, including expenditures for debt service, expenditures funded from new or increased service fees, expenditures mandated by federal or State law (after the effective date of the most recent amendments, January 1, 1991) and capital expenditures, are excluded from the calculation of the permissible annual increase in municipal appropriations prescribed under the CAP Law. Further, two procedures exist under which a municipality may increase the total amount of its municipal appropriations in excess of the applicable limitation: (i) by approval of the voters of the municipality; or (ii) to a limited extent, by adoption of an ordinance authorizing appropriations in excess of the applicable limitation.

**The Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, constituting Chapter 5 of Title 40A of the New Jersey Statutes (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. The chief financial officer of every municipality must file with the Director a verified statement of the financial condition of the municipality and all constituent boards, committees or commissions as of the close of each fiscal year. For municipalities operating on a calendar fiscal year, this statement must be filed by February 10 following the close of the fiscal year. For municipalities operating on a State fiscal year, this statement must be filed not later than 21 days after the close of the State fiscal year.

An independent examination of the municipality's books, financial transactions and accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the Director following the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.
C. Municipal Indebtedness

The Local Bond Law

Pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a municipality may incur indebtedness, borrow money and authorize and issue negotiable obligations for financing any capital improvement or property that it may lawfully acquire or for any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financing). The power and obligation of any municipality to pay any and all bonds and notes issued pursuant to the Local Bond Law, including the Local Unit Bond issued to the Trust to evidence the Loan, is unlimited, and the municipality shall levy ad valorem taxes upon all of the taxable property within its boundaries, without limitation as to rate or amount, for the payment of the principal of and interest on such bonds or notes. Each municipality is required to include the total amount of interest and debt redemption charges payable on all of its general obligation indebtedness in its annual budget for the forthcoming fiscal year.

Enforcement of a claim for payment of principal of or interest on bonds and notes of any municipality will be subject to applicable provisions of federal bankruptcy laws and to statutory provisions, if any, heretofore or hereafter enacted by the Congress of the United States or by the Legislature of the State. Under State law, a county, municipality or other political subdivision may file a petition for readjustment of its debts under federal bankruptcy laws, but only after first receiving approval of the Local Finance Board in the Department of Community Affairs (the "Board").

A municipality has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes. Moreover, a municipality's net debt may not exceed 3.5% of the equalized valuation basis (as defined in the Local Bond Law) unless authorized by the Board. The authorization and issuance of municipal debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof and other related matters, are statutory. A municipality is not required to submit the proposed incurrence of indebtedness to a public referendum.

A municipality authorizes and issues obligations by adoption of a bond ordinance. Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the governing body of the municipality. The Local Bond Law requires publication and, in certain instances, posting of the ordinance. In addition, a public hearing must be held prior to the final passage of the bond ordinance. Under certain circumstances, the Board is required to approve or endorse an ordinance, in which case, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty days after the first publication thereof after final adoption. At the conclusion of the twenty-day estoppel period, all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded, except for constitutional matters. Moreover, pursuant to the terms of the Local Bond Law, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of such obligations by the municipality.

Bonds issued by a municipality under the Local Bond Law must mature within the average period of the useful lives of the purposes for which such bonds were issued as determined from the date of issuance of the bonds. Subject to certain exceptions, the authorization of obligations must usually be accompanied by a cash down payment of not less than 5% of the amount of obligations authorized. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for said purpose or by emergency resolution pursuant to the Local Budget Law.
D. Local Financing Authorities

The Local Authorities Fiscal Control Law

Under the Local Authorities Fiscal Control Law, constituting Chapter 5A of Title 40A of the New Jersey Statutes (the "Authorities Law"), local financing authorities are subject to regulation by the Division and the Board. The Authorities Law provides for State oversight of financial operations and debt of independent local authorities. The Authorities Law applies to all autonomous local public authorities such as municipal utilities authorities and sewerage authorities created by municipalities and counties.

The Board exercises approval power over the creation of new authorities as well as over the dissolution of authorities. The Board also reviews, conducts public hearings and issues findings and recommendations regarding any proposed project financing of an authority and any service agreement between a local government and an authority. The Board may prescribe minimum audit requirements to be followed by authorities in the conduct of their annual audits. In addition, the Director reviews and approves annual budgets of authorities.
APPENDIX B

SERIES 2003 BORROWERS
### APPENDIX B

#### SERIES 2003 BORROWERS

<table>
<thead>
<tr>
<th>Series 2003 Borrowers</th>
<th>Trust Loan</th>
<th>%</th>
<th>Fund Loan</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td></td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>General Obligation Series 2003 Borrowers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barrington, Borough of</td>
<td>520,000</td>
<td>0.78%</td>
<td>499,712</td>
<td>0.57%</td>
</tr>
<tr>
<td>Bridgeton, City of</td>
<td>1,025,000</td>
<td>1.54%</td>
<td>982,737</td>
<td>1.12%</td>
</tr>
<tr>
<td>Burlington, County of</td>
<td>7,655,000</td>
<td>11.53%</td>
<td>7,205,422</td>
<td>8.22%</td>
</tr>
<tr>
<td>Camden, City of (S340641-01-1/02)</td>
<td>2,875,000</td>
<td>4.33%</td>
<td>7,383,751</td>
<td>8.42%</td>
</tr>
<tr>
<td>Camden, City of (0408001-003-1010)</td>
<td>5,055,000</td>
<td>7.61%</td>
<td>12,729,503</td>
<td>14.52%</td>
</tr>
<tr>
<td>Chesterfield Township</td>
<td>600,000</td>
<td>0.90%</td>
<td>557,638</td>
<td>0.64%</td>
</tr>
<tr>
<td>Glen Ridge, Borough of</td>
<td>630,000</td>
<td>0.95%</td>
<td>562,053</td>
<td>0.64%</td>
</tr>
<tr>
<td>Harrison, Township of</td>
<td>1,260,000</td>
<td>1.90%</td>
<td>1,148,023</td>
<td>1.31%</td>
</tr>
<tr>
<td>Hawthorne, Borough of</td>
<td>1,425,000</td>
<td>2.15%</td>
<td>1,299,259</td>
<td>1.48%</td>
</tr>
<tr>
<td>Lebanon, Township of</td>
<td>175,000</td>
<td>0.26%</td>
<td>470,135</td>
<td>0.54%</td>
</tr>
<tr>
<td>Long Beach, Township of</td>
<td>1,210,000</td>
<td>1.82%</td>
<td>1,160,067</td>
<td>1.32%</td>
</tr>
<tr>
<td>Millville, City of (0610001-001)</td>
<td>760,000</td>
<td>1.14%</td>
<td>691,680</td>
<td>0.79%</td>
</tr>
<tr>
<td>Millville, City of (S340921-05)</td>
<td>1,480,000</td>
<td>2.23%</td>
<td>1,370,000</td>
<td>1.56%</td>
</tr>
<tr>
<td>Montville, Township of</td>
<td>210,000</td>
<td>0.32%</td>
<td>560,088</td>
<td>0.64%</td>
</tr>
<tr>
<td>New Brunswick, City of</td>
<td>1,275,000</td>
<td>1.92%</td>
<td>3,474,750</td>
<td>3.97%</td>
</tr>
<tr>
<td>Paterson, City of</td>
<td>2,160,000</td>
<td>3.25%</td>
<td>5,554,479</td>
<td>6.34%</td>
</tr>
<tr>
<td>Perth Amboy, City of</td>
<td>770,000</td>
<td>1.16%</td>
<td>2,016,142</td>
<td>2.30%</td>
</tr>
<tr>
<td>Readington, Township of</td>
<td>80,000</td>
<td>0.12%</td>
<td>205,629</td>
<td>0.23%</td>
</tr>
<tr>
<td>West Paterson, Borough of</td>
<td>480,000</td>
<td>0.72%</td>
<td>420,000</td>
<td>0.48%</td>
</tr>
<tr>
<td>Special Obligation Series 2003 Borrowers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Berkeley Township Sewerage Authority</td>
<td>2,340,000</td>
<td>3.52%</td>
<td>2,086,698</td>
<td>2.38%</td>
</tr>
</tbody>
</table>
| Camden County Municipal Utilities Authority
  1, 2, 3                                               | 1,465,000  | 2.21%| 3,755,879 | 4.29%|
| Lambertville Sewerage Authority                           | 690,000    | 1.04%| 628,500   | 0.72%|
| Linden Roselle Sewerage Authority                         | 7,090,000  | 10.67%| 6,807,579 | 7.77%|
| Merchantville-Pennsauken Water Commission                 | 375,000    | 0.56%| 356,801   | 0.41%|
| Monmouth County Bayshore Outfall Authority                | 125,000    | 0.19%| 116,297   | 0.13%|
| New Jersey Water Supply Authority 1, 2, 3                 | 235,000    | 0.35%| 627,015   | 0.72%|
| North Jersey District Water Supply Commission 1, 2, 3     | 5,680,000  | 8.55%| 8,100,000 | 9.24%|
| Old Bridge Municipal Utilities Authorities
  (1209002-003,004)                                       | 3,120,000  | 4.76%| 2,787,329 | 3.18%|
| Old Bridge Municipal Utilities Authorities
  (S340945-01)                                            | 1,000,000  | 1.51%| 890,327   | 1.02%|
| Rahway Valley Sewerage Authority 3                        | 13,255,000 | 19.96%| 11,848,416| 13.52%|
| Runnemed Sewerage Authority                               | 350,000    | 0.53%| 333,703   | 0.38%|
| Warren County (Pequest River) Municipal Utilities Authority| 1,050,000  | 1.58%| 1,004,515 | 1.15%|

1 These Series 2003 Borrowers’ respective Series 2003 Projects have each been designated as Smart Growth Projects.

2 These Series 2003 Borrowers are required to fund Series 2003 Borrower Debt Service Reserve Funds.

3 The Loan repayment obligations of these Special Obligation Series 2003 Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower’s respective Series 2003 Borrower Service Agreement; provided, however, in the case of the New Jersey Water Supply Authority 12.77% of such Loan repayment obligations are so secured.
APPENDIX C

AGGREGATE SERIES 2003 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2003 BONDS
### APPENDIX C

**AGGREGATE SERIES 2003 LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR SERIES 2003 BONDS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$2,670,768.37</td>
<td>$855,488.01</td>
<td>$3,526,256.38</td>
<td>$2,670,768.37</td>
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<tr>
<td>2005</td>
<td>4,802,647.50</td>
<td>3,299,858.00</td>
<td>8,102,505.50</td>
<td>4,802,647.50</td>
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<tr>
<td>2006</td>
<td>5,599,847.50</td>
<td>5,307,731.69</td>
<td>10,907,579.19</td>
<td>5,599,847.50</td>
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<tr>
<td>2007</td>
<td>5,619,347.50</td>
<td>5,337,810.93</td>
<td>10,957,158.43</td>
<td>5,619,347.50</td>
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<tr>
<td>2008</td>
<td>5,601,347.50</td>
<td>5,316,906.21</td>
<td>10,918,255.71</td>
<td>5,601,347.50</td>
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<tr>
<td>2009</td>
<td>5,617,347.50</td>
<td>5,341,450.52</td>
<td>10,958,798.02</td>
<td>5,617,347.50</td>
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<tr>
<td>2010</td>
<td>5,620,347.50</td>
<td>5,348,636.08</td>
<td>10,968,983.58</td>
<td>5,620,347.50</td>
</tr>
<tr>
<td>2011</td>
<td>5,619,497.50</td>
<td>5,339,772.01</td>
<td>10,959,269.51</td>
<td>5,619,497.50</td>
</tr>
<tr>
<td>2012</td>
<td>5,614,997.50</td>
<td>5,338,313.78</td>
<td>10,953,311.28</td>
<td>5,614,997.50</td>
</tr>
<tr>
<td>2013</td>
<td>5,602,497.50</td>
<td>5,320,392.11</td>
<td>10,922,889.61</td>
<td>5,602,497.50</td>
</tr>
<tr>
<td>2014</td>
<td>5,611,997.50</td>
<td>5,332,323.24</td>
<td>10,944,320.74</td>
<td>5,611,997.50</td>
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<tr>
<td>2015</td>
<td>5,606,997.50</td>
<td>5,328,091.24</td>
<td>10,935,088.74</td>
<td>5,606,997.50</td>
</tr>
<tr>
<td>2016</td>
<td>5,607,597.50</td>
<td>5,328,258.12</td>
<td>10,935,855.62</td>
<td>5,607,597.50</td>
</tr>
<tr>
<td>2017</td>
<td>4,776,797.50</td>
<td>4,723,888.71</td>
<td>9,500,686.21</td>
<td>4,776,797.50</td>
</tr>
<tr>
<td>2018</td>
<td>4,760,637.50</td>
<td>4,711,988.08</td>
<td>9,472,625.58</td>
<td>4,760,637.50</td>
</tr>
<tr>
<td>2019</td>
<td>4,782,212.50</td>
<td>4,729,545.30</td>
<td>9,511,757.80</td>
<td>4,782,212.50</td>
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<tr>
<td>2020</td>
<td>4,777,962.50</td>
<td>4,724,679.79</td>
<td>9,502,642.29</td>
<td>4,777,962.50</td>
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<tr>
<td>2021</td>
<td>4,774,462.50</td>
<td>4,718,757.48</td>
<td>9,493,219.98</td>
<td>4,774,462.50</td>
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<tr>
<td>2022</td>
<td>4,767,037.50</td>
<td>4,716,628.06</td>
<td>9,483,665.56</td>
<td>4,767,037.50</td>
</tr>
<tr>
<td>2023</td>
<td>4,755,650.00</td>
<td>4,706,230.64</td>
<td>9,461,880.64</td>
<td>4,755,650.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$102,589,998.37</strong></td>
<td><strong>$95,626,752.00</strong></td>
<td><strong>$198,416,750.37</strong></td>
<td><strong>$102,589,998.37</strong></td>
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</tbody>
</table>
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APPENDIX D

AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS
### APPENDIX D

**AGGREGATE DEBT SERVICE FOR COVERAGE RECEIVING FINANCING PROGRAMS COMPARED TO AGGREGATE FUND LOAN REPAYMENTS FOR COVERAGE PROVIDING FINANCING PROGRAMS**

<table>
<thead>
<tr>
<th>Year Ending September 1</th>
<th>Total Bond Debt Service for Coverage Receiving Financing Programs</th>
<th>Total Fund Loan Repayments for Coverage Providing Financing Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$38,313,155.49</td>
<td>$35,249,437.68</td>
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<tr>
<td>2005</td>
<td>56,300,075.74</td>
<td>58,125,310.53</td>
</tr>
<tr>
<td>2006</td>
<td>57,587,882.24</td>
<td>60,104,846.80</td>
</tr>
<tr>
<td>2007</td>
<td>57,559,364.74</td>
<td>59,580,945.29</td>
</tr>
<tr>
<td>2008</td>
<td>57,572,737.74</td>
<td>58,083,060.68</td>
</tr>
<tr>
<td>2009</td>
<td>57,518,637.74</td>
<td>51,373,440.05</td>
</tr>
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<td>2010</td>
<td>57,031,615.24</td>
<td>45,836,991.40</td>
</tr>
<tr>
<td>2011</td>
<td>57,026,881.24</td>
<td>41,514,172.07</td>
</tr>
<tr>
<td>2012</td>
<td>56,580,402.74</td>
<td>39,426,894.29</td>
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<tr>
<td>2013</td>
<td>56,256,198.74</td>
<td>36,879,151.27</td>
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<tr>
<td>2014</td>
<td>56,087,029.74</td>
<td>34,630,940.14</td>
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<tr>
<td>2015</td>
<td>56,020,996.00</td>
<td>32,670,979.11</td>
</tr>
<tr>
<td>2016</td>
<td>52,953,379.42</td>
<td>31,453,413.47</td>
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<tr>
<td>2017</td>
<td>47,347,746.28</td>
<td>28,365,123.19</td>
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<tr>
<td>2018</td>
<td>44,364,899.00</td>
<td>27,017,742.55</td>
</tr>
<tr>
<td>2019</td>
<td>39,919,405.50</td>
<td>25,973,168.92</td>
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<tr>
<td>2020</td>
<td>35,097,260.00</td>
<td>23,124,360.29</td>
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<tr>
<td>2021</td>
<td>27,034,585.00</td>
<td>18,758,499.60</td>
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<tr>
<td>2022</td>
<td>13,968,487.50</td>
<td>10,636,252.63</td>
</tr>
<tr>
<td>2023</td>
<td>4,755,650.00</td>
<td>4,706,230.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$929,295,990.09</strong></td>
<td><strong>$723,510,960.60</strong></td>
</tr>
</tbody>
</table>

1 Including the 2003 Financing Program
APPENDIX E

The following are excerpts of certain provisions of the bond resolution adopted by the Trust on September 15, 2003, as the same may be amended from time to time in accordance with the terms thereof, and entitled "Environmental Infrastructure Bond Resolution, Series 2003A" (the "Bond Resolution"). These excerpts are not to be considered a full statement of the terms of the Bond Resolution and, accordingly, are qualified by reference thereto and are subject to the full text thereof. Copies of the Bond Resolution may be obtained from the Trust upon request. The section references shown at the beginning of each excerpt are to the particular sections of the Bond Resolution.

SECTION 1.01. Definitions. Unless the context otherwise requires, for all purposes of this Bond Resolution, the terms defined in this Section 1.01 shall have the meanings specified below:

"Account" means any account designated and established hereunder.

"Affirmative Vote" means the New Jersey Environmental Infrastructure Trust Act, amending Chapter 334 of the Public Laws of 1995 of the State of New Jersey (N.J.S.A. 28:18-B et seq.), as the same may from time to time be amended and supplemented.

"Administrative Fee" means an annual fee of three-tenths of one percent (30%) of the initial principal amount of the Loan or such lesser amount, if any, as the Trust may approve from time to time, payable by each Borrower in accordance with the terms of its Loan Agreement.

"Administrative Expense Account" means the Account Within the Operating Expense Fund so designated and established by Article V hereof.

"Allowable Project Cost" means the sum of the Costs incurred for the Project and all Allowable Project Costs for all Borrowers, provided, however, that in the event the Borrowers are either all SRF Borrowers or all non-SRF Borrowers, the percentages set forth in Schedule 1-A attached hereto shall equal the percentages set forth in Schedule 1-B hereinafter.

"Allowable Project Cost" means for any Borrower the Trust Share as initially defined in Exhibit B to such Borrower's Loan Agreement.

"Applicable" means (i) with respect to any Fund, Account, Subaccount or designated and established by this Bond Resolution or the Loan Servicing Agreement, the Fund, Account or Subaccount so designated and established, (ii) with respect to any Series of Bonds, the Series of Bonds issued for a particular purpose hereunder, and (iii) with respect to any Loan Agreement, the Loan Agreement entered into by and between a Borrower and the Trust relating to a borrowing from the Trust.

"Authorized Newspaper" means (a) general newspapers and one financial newspaper, all of which shall customarily publish at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, with respect to the general newspapers, in the State of New Jersey, and with respect to the financial newspaper, in the State of New Jersey or the Borough of Manhattan, City and State of New York.

"Base Rate" means the rate given by law.

"Bond" or "Bonds" means one or more, as the case may be, of the Series 2003A Bonds or Refunding Bonds, and all bonds hereafter authorized and delivered in lieu of or in substitution for such Bonds pursuant to Article XI or Sections 9.07 or 11.10 hereof.

"Bond Counsel" means a law firm, appointed by the Trust, having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

"Bondholder" means the holder or owner of a Bond.

"Bond Year" means a period of 12 consecutive months beginning on September 1 of any calendar year and ending on the next succeeding August 31.

"Bonds" means the Trust Bonds, the Loan Bearer's Bonds, and the Debt Service Reserve Fund Bonds. In the event of a split, the Bond Resolution shall permit a splitting of the Bonds allocable to a particular Borrower or series of Bonds so designated by the Board of Directors, by the Trustee or the Servicer for the Trust, in accordance with the provisions of the Bond Resolution.

"Borrower" means a law firm, appointed by the Trust, having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

"Borrower's Project" means the project of the Borrower described in Exhibit A-1 to the Applicable Loan Agreement which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act.

"Business Day" means, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Trust, the Trustee, the Paying Agent, the Appraiser or the Appraiser's Monitor Trustee is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

"Certificated Interest Account" means the Account Within the Debt Service Fund so designated and established by Article V hereof.

"Certificate", "Order", "Request", "Resolution" and "Statement" mean, respectively, a written certificate, order, request, resolution or statement issued by the name of the Trust, the Trustees, the Borrower by an Authorized Officer of the Trust, the Trustee or the Servicer, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be contained in a single instrument with any other statement, opinion or representations, and the instruments so contained shall be read and construed as a single instrument.

"Code" means the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, including any regulations promulgated thereunder and any administrative or judicial interpretations thereof.

"Cost" means those costs that are eligible, reasonable, necessary, allocable to a Borrower's Project and permitted by generally accepted accounting principles, including Allowances and Building Costs (as defined in the Regulations), as shall be determined on a project-specific basis in accordance with the Regulations.

"Cost of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Trust and related to the authorization, execution, issuance, sale and delivery of each Series of Bonds, including (without limitation) the costs of preparation and reproduction of documents, filing and recording fees, stamp and similar taxes, fees and charges for preparation and sale of instruments of title, fees and charges for appraisal, execution and notarization of the Bonds of such Series and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

"Costs of Issuance Account" means the Account Within the Operating Expense Fund so designated and established by Article V hereof.

"Counsel" means an attorney at law or firms of attorneys at law (who may be, without limitation, of counsel to, or employees of, the Trust, the Trustees, the Paying Agent, the Loan Servicer, the Appraiser, the Appraiser's Monitor Trustee or the Paying Agent, legal fees and charges, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and notarization of the Bonds of such Series and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

"Credit Support Account" means the Account Within the Operating Expense Fund so designated and established by Article V hereof.

"Debt Service Fund Reserve Account" means the Fund so designated and established by Article V hereof.

"Debt Service Reserve Fund Account" means the Fund so designated and established by Article V hereof.

"Debt Service Reserve Fund Requirement" means, as of any date of calculation, an amount equal to the lesser of (i) the greatest amount required in the then current Bond Year or in any prior Bond Year to pay the sum of (A) interest on the Outstanding Series 2003A Bonds and Outstanding Refunding Bonds and (B) principal or sinking fund installments, as the case may be, of the Outstanding Series 2003A Bonds and Outstanding Refunding Bonds; (ii) 125% of a fraction, the numerator of which is the sum of the interest, principal and sinking fund installments on the Outstanding Series 2003A Bonds and Outstanding Refunding Bonds payable in each Bond Year thereafter until the maturity of the Outstanding Series 2003A Bonds and Outstanding Refunding Bonds, and the denominator of which is the number of years or portion thereof until the maturity of the Outstanding Series 2003A Bonds, and (iii) 100% of the "proceeds" of the Series 2003A Bonds, but only if such Series 2003A Bonds are Outstanding, and if any Refunding Bonds are Outstanding, 10% of the "proceeds" of such Refunding Bonds, within the meaning of Section 148(c)(2) of the Code.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

"Department" means the New Jersey Department of Environmental Protection.

"DVC" means the Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Series 2003A Bonds.

"Event of Default" means any occurrence or event designated as such in Section 9.01.

"Fiduciary" or "Fiduciaries" means the Trustees or the Paying Agent, or both of them, as may be appropriate.

"Fund" means any Fund designated and established hereunder.

"General Fund" means the Fund so designated and established by Article V hereof.

"Interest Account" means the Account Within the Debt Service Fund so designated and established by Article V hereof.

"Interest Payment Date" means each March 1 and September 1 until final maturity of the Bonds, commencing September 1, 2004.

"Interest Portion" means that portion of Bond Trust Loan Repayment payable by a Borrower under Exhibit B to the Borrower's Loan Agreement that is necessary to pay such Borrower's proportionate share of interest on the Bonds (i) as set forth in Exhibit A-2 of any such Loan Agreement as modified from time to time in accordance with the provisions of Exhibit B to the Loan Agreement, the Trust Bonds allocable to any other Borrower or Borrowers or (ii) in the event of any Bond Trust Loan Repayment in accordance with Sections 3.07 or 5.03 of any such Loan Agreement, to accrue on any principal amount of Bond Trust Loan Repayment to the date of the redemption or acceleration, as the case may be, of the Bonds allocable to such Borrower or such Bond Trust Loan Repayment.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Trust's funds, which securities may be obligations of the United States to the extent qualified hereinafter:

(a) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof which obligations are backed by the full faith and credit of the United States. These include, but are not limited to:

...
All direct or fully guaranteed obligations; Consolidated debt obligations; Participation certificates obligations having Agency dated as of pursuant; New York duly trust "Loan" means "Master Program Trust Account" means the account of each Loan the Master Program Trust Agreement and fund deposits are not backed by the United States government.

- Federal Home Loan Mortgage Corp. (FHMC) - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); Senior debt obligations;
- Farm Credit System (Formerly Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives) - Consolidated mortgage bonds and notes;
- Federal Home Loan Bank (FHL Banks) - Consolidated debt obligations;
- Federal National Mortgage Association (FNMA) - Senior debt obligations, mortgage-backed securities (Excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- Student Loan Marketing Association (SLMA) - Senior debt obligations (Excluded are securities that do not have a fixed par value and/or whose terms do not provide a fixed dollar amount as maturity or call date); LOC-backed loans;
- Financing Corp. (FICO) - Debt obligations; and
- Resolution Funding Corp. (REFCORP) - Debt obligations.

Federal funds, unsecured certificates of deposit, time deposits, and banker’s acceptances having maturities of one or more than 365 days of any bank (including the Trustee), the short-term obligations of which are rated in the highest rating category for short term obligations by each Rating Agency.

At the time the repurchase agreement is purchased, the market value of the security delivered as collateral pursuant to the repurchase agreement is equal to at least 103 percent of the par value of the repurchase agreement.

The securities delivered as collateral have a maturity not exceeding 10 years from the date of the repurchase agreement, and the repurchase agreement shall be purchased pursuant to a competitively bid process.

Such other securities approved by each of the Rating Agencies that would not adversely affect the rating on the Coverage Trust Bonds then Outstanding.

"Loan" means a loan by a Trustee in a borrower, pursuant to a Loan Agreement, to finance or refinance a portion of the cost of such borrower’s Project. For all purposes of this Bond Resolution, the principal amount of each Loan shall be the principal amount specified in the applicable bond of a Borrower issued in accordance with the applicable Loan Agreement.

"Loan Closing" means the date on which an executed Loan Agreement between the Trustee and a Borrower is delivered pursuant to this Bond Resolution.

"Loan Repayments" means the sum of (i) Trust Loan Repayments, and (ii) Administrative Fees and (iii) any net charges incurred under the provisions of a Loan Agreement.

"Loan Servicer" means the Loan Servicer for the Loans and Fund Loans (as defined in the Loan Agreement). A trust, as the same may be amended and supplemented from time to time in accordance with its terms.

"Master Program Trustee" means U.S. Bank National Association (to succeed to the Trustee), the Trustee, and the same may be amended and supplemented from time to time in accordance with its terms.

"Notice of Sale" means the Notice of Sale of the Trust relating to the issue of the Series 2003A Bonds to be dated on or about October 7, 2003, substantially in the form attached hereto as Exhibit C.

"Operating Expense Fund" means the Fund so designated and established by Article V herewith.

"Outstanding" or "outstanding" means, when used with reference to Bonds of any Series, as of any particular date (subject to the provisions of Section 14.09), all Bonds of such Series, whether or not held by the Trustee or otherwise, that have been issued and are outstanding at such date and which have not been retired, redeemed, or otherwise discharged in accordance with this Bond Resolution.

"Project Fund" means the Fund so designated and established by Article V herewith.

"Project Loan Account" means any of the Accounts within the Project Fund so designated and established by Article V.

"Rating Agency" shall mean individually or collectively, as the case may be, the nationally recognized rating agencies that have published ratings for the Series 2003A Bonds.

"Rebate Fund" means the Fund so designated and established by Article V herewith.

"Record Date" means with respect to an Interest Payment Date or a particular Series of Bonds, unless otherwise provided by this Bond Resolution or Supplemental Resolution authorizing such Series, (i) if the Interest Payment Date is scheduled for the first (1st) day of any month, the Fifteenth (15th) day (Friday) or such day shall be a Business Day) of the month prior to such Interest Payment Date, or (ii) if the Interest Payment Date is scheduled for the Fifteenth (15th) day of any month, the first (1st) day (whether or not such day shall be a Business Day) of the month in which such Interest Payment Date occurs.
**Redemption Account** means the Account within the Debt Service Fund so designated and established pursuant to Article V hereof.

**Refunding Bonds** means all Bonds authorized and delivered pursuant to Section 2.04 hereof.

**Registrar** means the Bank of New York, Trustee, or any other person designated and designated by the Trustee pursuant to Article V hereof.

**Series** means any particular Series of Bonds hereof.

**Trust** means any person, firm, partnership, corporation, association, trust, legal or natural person, or any department of the United States, any State, or any political subdivision thereof, or any other entity, organization, or any combination thereof.

**Trustee** means the Bank of New York, Trustee, or any other person designated and designated by the Trustee pursuant to Article V hereof.

**Trust Estate** means the Estate of the Trustee established by the Trust Articles of Agreement hereof.

**Trust Estate Account** means the account designated as "Environmental Infrastructure Bonds Trust Estate Account" established pursuant to Section 2.03 hereof.

**Trustee Accounts** means the accounts established by the Trustee pursuant to Section 2.03 hereof.

**Servicer** means any person or entity, other than the Trust, to whom any Servicing Rights have been assigned by the Trustee.

**Bond Resolution** means the Resolution authorizing the issuance of any Bonds hereof, including the Master Program Bond Resolution and any Refunding Bond Resolution hereof.

**Applicable Supplemental Resolution** means the Resolution(s) supplemental to a Bond Resolution hereof establishing the terms of such Bond Resolution.

**Environmental Infrastructure Bonds** means the "Environmental Infrastructure Bonds" Series 2003A, as established and appointed pursuant to Section 2.03 hereof.

**Refunding Account** means an account established for the collection of interest on, income on, and principal of Bonds so refunded.

**Refunding Bonds** means all Bonds so refunded and delivered pursuant to Section 2.04 hereof.

**Resolution** means the Resolution hereof authorizing the issuance of any Bonds hereof.

**Series 2003A Bonds** means the "Environmental Infrastructure Bonds" Series 2003A, as established and appointed pursuant to Section 2.03 hereof.

**Refund Account** means the account designated and established pursuant to the Loan Servicing Agreement hereof.

**Bond Resolution** means the Resolution hereof authorizing the issuance of any Bonds hereof, including the Master Program Bond Resolution hereof.

**Refunding Bond Resolution** means the Resolution hereof authorizing the issuance of any Refunding Bonds hereof.

**Applicable Supplemental Resolution** means the Resolution(s) supplemental to a Bond Resolution hereof establishing the terms of such Bond Resolution.

**Trust** means any person, firm, partnership, corporation, association, trust, legal or natural person, or any department of the United States, any State, or any political subdivision thereof, or any other entity, organization, or any combination thereof.

**Trustee** means the Bank of New York, Trustee, or any other person designated and designated by the Trustee pursuant to Article V hereof.

**Trust Estate** means the Estate of the Trustee established by the Trust Articles of Agreement hereof.

**Trust Estate Account** means the account designated as "Environmental Infrastructure Bonds Trust Estate Account" established pursuant to Section 2.03 hereof.

**Trustee Accounts** means the accounts established by the Trustee pursuant to Section 2.03 hereof.

**Servicer** means any person or entity, other than the Trust, to whom any Servicing Rights have been assigned by the Trustee.

**Bond Resolution** means the Resolution hereof authorizing the issuance of any Bonds hereof, including the Master Program Bond Resolution and any Refunding Bond Resolution hereof.

**Applicable Supplemental Resolution** means the Resolution(s) supplemental to a Bond Resolution hereof establishing the terms of such Bond Resolution.

**Environmental Infrastructure Bonds** means the "Environmental Infrastructure Bonds" Series 2003A, as established and appointed pursuant to Section 2.03 hereof.
be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

SECTION 4.8. Redemption Other than at Trust's Direction or Direction. Whenever by the terms of this Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Trust, the Trustee shall select the Bonds to be redeemed, give notice of redemption as provided in Section 4.6 and pay out of moneys on hand for that purpose on or after the redemption date, the principal of such Bonds or portions of Bonds at the redemption price, and shall pay the interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV, and as the extent applicable, Article V hereof.

SECTION 4.9. Selection of Bonds to Be Redeemed. If less than all of the Bonds of like maturities shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee shall determine; provided, however, that the aggregate number of any Bond of a denominational series which shall be redeemed shall be equal to the amount of $5,000 or an integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall select such Bonds as representing the number of Bonds thus obtained by dividing the principal amount of such Bonds by the minimum denomination in which Bonds of such Series are authorized to be outstanding after the redemption date.

SECTION 4.85. Notice of Redemption. When Bonds of a Series have been selected for redemption, notice shall be given to the holders of such Bonds of the call for redemption of such Bonds in the name of the Trust at the times specified in the second paragraph of this Section, which notice shall set forth (i) the date fixed for the redemption of such Bonds, (ii) the Redemption Price to be paid, (iii) that such Bonds will be redeemed at the Principal Office of the Paying Agent, (iv) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, (v) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vi) except with respect to a mandatory sinking fund redemption, that such redemption is conditioned upon there being on deposit with the Trustee on the date designated for redemption moneys sufficient for the payment of the Redemption Price and the accrued interest in the redemption date. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state that on or after the redemption date, upon surrender of such Bond, the holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section shall be sent by first class mail to the registered owners of the Bonds to be redeemed, and shall appear on the books of the respective Banks. Each notice of redemption of such Bonds, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date. The failure to give notice of redemption of any Bond or the redemption of such Bond in manner herein provided shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section.

SECTION 4.9. Payment of Redeemed Bonds. On the date designated for redemption, notice having been given in the manner and under the conditions hereinbefore provided, the Bonds or portions of Bonds for which notice of redemption has been given shall become due and payable at the Redemption Price provided for therein and the redemption of such Bonds or such portions thereof on such date and, upon presentation and surrender moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trust in trust for the holders of such Bonds, interest on which Bonds or such portions thereof as called for redemption shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under the Bond Resolution and the holder of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.9 thereof, to receive Bonds in exchange for such Bonds following the redemption.

SECTION 4.95. Redemption of Portions of Bonds. In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof as called for redemption and accrued interest thereon on or after the redemption date, the Trust shall execute and the Trustee shall authenticate and deliver or cause to be issued the redemption Bond and the fraction by which the outstanding Bond is to be redeemed, with the aggregate principal amount equal to the unredeemed portion of such Bond, and the accrued interest on the unredeemed portion of such Bond.

SECTION 4.6. Creation of Funds and Accounts. The following Funds and separate accounts within funds shall be established, held and maintained for the Bonds:

1. Debt Service Fund, to be held by the Trustee, which shall consist of an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, each of which Accounts shall be further subdivided into an SRF Account and a non-SRF Account, each of which Subaccounts shall be further subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

2. Debt Service Reserve Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

3. General Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

4. Operating Expense Fund, to be held by the Trust, which shall consist of an Administrative Fee Account and a Costs of Issuance Account;

5. Project Fund, to be held by the Trustee, which shall consist of a separate Project Loan Account established (i) for each Borrower to which a single Loan is to be made from a portion of the proceeds of the Series 2003A Bonds and, if applicable, (ii) for each Loan with respect to any Borrowers that have been charged with cost or loss of any such Loan and (iii) for each Loan with respect to which the Trustee has been appointed the Paying Agent, (iv) which Project Loan Accounts shall be designated either "SRF" or "non-SRF" pursuant to Section 5.02 hereof, and, to the extent applicable, for which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

6. Revenue Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

7. Robute Reserve, to be held by the Trustee, which shall consist of a General Reserve Account.

Each of the Funds and accounts created by this Bond Resolution is hereby pledged and charged with, the payment of the principal or the Redemption Price of and interest on the Bonds as the same shall become due.

SECTION 5.02. Project Fund.

There shall be established within the Project Fund a separate Project Loan Account in favor of each Borrower to which a Loan is to be made pursuant to the Bond Resolution in respect of the principal amount of the Bonds referred to in Section 5.02(6)(ii) below, (ii) a part of the principal amount of which shall consist of a Loan Account for each Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(6)(ii) below, (iii) all or a part of the principal amount of which shall consist of a Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(6)(ii) below.

The Trustee shall make payments from a Project Loan Account for Costs of a Borrower's Project at the amounts, at the times, in the manner and on the terms and conditions set forth in such Project Loan Account, and as otherwise required by the Trust.

The Trust shall issue in exchange for such Requirement Payments due from the respective Borrower as its sole compensation in consideration for services to be rendered to the Trust in connection with the fulfillment of the terms of the Project Loan Agreement, a Certificate representing that number of Bonds or portions of Bonds to be redeemed, the aggregate principal amount of which shall be equal to the amount of the principal and interest so paid from any such Project Loan Account that is eligible to be applied under the Resolution. Such Certificate shall also state (A) that the principal of the Loan has been fully disbursed to the extent allowed by the Resolution, and (B) if again entitled to be applied in the Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(6)(ii) below, or (iii) all or a part of the principal amount of the project loan shall be paid to the Trustee at the times and upon satisfaction of the conditions set forth in Section 5.02(6)(ii) below.

The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(6)(ii) above when the Trust has been notified that (A) all of the contracts for completion of the respective Borrower's Project have been awarded, (B) the low bid building cost must have been established by the Department and a Cost of Issuance Account has been submitted to the Trustee, (C) the Project must have been sufficiently completed such that the Department has authorized the Borrower to commence operation of the Borrower's Project and (D) the Paying Agent has approved the original draw schedule in Section 5.02(6)(ii) above, and the Certificate shall also set forth a schedule indicating when and how much of the remaining moneys that constitute interest earned in the Project Loan Account are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in favor of the Project Loan Account was established.

The Trust shall transfer from the Project Loan Accounts to the SRF Account or the non-SRF Account of the Debt Service Fund, as applicable, the amounts contained in any such Certificate of the Trust at the terms indicated therein. The Trust shall file a copy of the Certificates with the Loan Servicer.

Disbursements from the respective Project Loan Accounts shall not be made by the Trust except to the extent provided in Section 5.02(6)(ii) above. The Trust shall have the power to make such disbursements without affecting the exclusion of interest of the Series 2003A Bonds from the gross income of the holders thereof for federal income tax purposes, (c) an amendment of each respective Loan Agreement concerning such early disinterment in accordance with Section 11.11 hereof, and (d) a Certificate of an Authorized Representative of any Borrower setting forth such Borrower's agreement that all costs and expenses incurred by the Trust, any such Borrower, any of their respective executors or other professional advisors or any other costs or expenses directly or indirectly related to such advance disinterment, including without limitation any taxes on the least of investment earnings related to the early redemption of Investment Securities made necessary to effect such early disinterment, shall become solely the responsibility of such Borrower.

SECTION 5.03. Operating Expense Fund.

There shall be established within the Operating Expense Fund a Costs of Issuance Account and an Administrative Fee Account.

In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2003A Bonds, amount is, also, to be deposited in the Costs of Issuance Account from the proceeds of each Series of Refunding Bonds, and amounts is, to be deposited in the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.
3. The Trust shall make payments from the Cash Reserve Account and, if necessary, from its funds and accounts not subject to the pledge and lien of this Bond Resolution, in the amounts, at the times, in the manner and on the other terms and conditions as the Trust shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series Bonds and, in the case of the Series 2003A Bonds, in accordance with the provisions of the Tax Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Trust to such effect, the amounts remaining in the Cash Reserve Account, if any, shall be transferred (i) to the Debt Service Reserve Fund and deposited into the Interest Account thereof to pay Interest on the Bonds and the extent available therefor, deposits in the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date, in which case such amounts shall be credited to the Trust Bond Loan Repayments of Borrower in the percentages set forth on Schedule 1-B attached hereto, or (ii) as otherwise set forth in a Certificate of an Authorized Officer of the Trust.

4. The Loan Servicer shall deposit in the Administrative Fee Account the Administrative Fees (i) received by the Loan Servicer on behalf of the Trust pursuant to the Loan Agreements, (ii) deposited by the Loan Servicer to the Trust Administration Account as defined in and pursuant to the Loan Servicer’s agreement and (iii) for any reason to be owed to the Trust with the DEBT SERVICE AGREEMENT. The Trust shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust. Provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied to the trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution and the Loan Servicing Agreement as such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year. SECTION 5.04. Revenue. All Revenues shall be promptly deposited to the credit of the SRF Account or non-SRF Account, as applicable, of the Debt Service Reserve Fund and all transfers from such Fund shall be made only in accordance with this Article V. SECTION 5.05. Revenue Fund. 1. On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the SRF Account and the non-SRF Account of the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Reserve Fund, the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Interest Account (other than investments in amounts that have been removed from the Interest Account since the immediately preceding Interest Payment Date) and the amounts, if any, on deposit in the Capitalized Interest Account, shall be sufficient for payment of any such Interest Payment, together with the Bond Resolution or an Supplemental Resolution, as is equal to the aggregate of the interest due and payable on the Bonds on such Interest Payment Date.

2. On or prior to September 1 of each year and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the non-SRF Account of the Revenue Trust and the non-SRF Account of the Interest Account in the Debt Service Reserve Fund, the aggregate of the amount the Trustee shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust. Provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied to the Trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution and the Loan Servicing Agreement as such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year. SECTION 5.06. Revenues. All Revenues shall be promptly deposited to the credit of the SRF Account or non-SRF Account, as applicable, of the Debt Service Reserve Fund on the Interest Payment Date or maturity date or Sinking Fund Installment due date, as the case may be, the amount of such deficiency to the appropriate account in the Debt Service Fund, provided, however, that the Trustee may only transfer such amount which, when added to the difference between (i) any prior transfer made from the Debt Service Reserve Fund as a result of required Trust Bond Loan Repayments by said Borrower and (ii) all repayments made by, or on behalf of, the Borrower pursuant to the second paragraph of Section 3.04 of the applicable Loan Agreement, does not exceed the amount of the Bonds due and owing from time to time on the Bonds. In the case of Bonds due and owing, then the amount of the Bonds due on the immediately preceding Interest Payment Date, if any, on deposit in the Capitalized Interest Account and thereafter the amount of any such Interest Payment to be made under the Bond Resolution or a Supplemental Resolution, is equal to the aggregate of the interest due and payable on the Bonds on such Interest Payment Date.

3. On or prior to September 1 of each year and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the non-SRF Account of the Revenue Trust and the non-SRF Account of the Interest Account in the Debt Service Reserve Fund, the aggregate of the amount the Trustee shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust. Provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied to the Trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution and the Loan Servicing Agreement as such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year.

SECTION 5.06. Debt Service Fund. 1. On each Interest Payment Date and each redemption date, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Reserve Fund amounts equal to the aggregate to the interest due on the Bonds on such Interest Payment Date or redemption date, which moneys shall be paid by the Paying Agent in accordance with Section 3.01 hereof.

2. On the maturity or Sinking Fund Installment due date of any Bonds, the Trustee shall make available to the Paying Agent from moneys in the Principal Account in the Debt Service Fund an amount equal to the principal of Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. On each redemption date, other than a Sinking Fund Installment due date, the Trustee shall make available to the Paying Agent from proceeds allocable to any such Bond, the Trustee shall determine, said proceeds to be applied as provided in the Loan Servicing Agreement and the terms of the Master Program Trust Agreement, the Trustee shall transfer from the SRF Account or non-SRF Account of the Revenue Fund, as applicable, to the Debt Service Reserve Fund to the extent moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust. Provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied to the Trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution and the Loan Servicing Agreement as such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year.
SECTION 5.10. Investments.

1. Generally. All money in any of the funds and Accounts created under this Bond Resolution, other than the Operating Expense Fund and the Accounts established therein, shall be invested in Investment Securities, the principal of which and interest on which are payable not later than the date on which it is deposited and as it is required that such money shall be invested hereunder. The amounts deposited in the Accounts established hereunder may be invested in the State of New Jersey Cash Management Fund or other similar common trust funds created by the New Jersey State Treasurer, in addition to investments hereof in Investment Securities.

Investment Securities acquired as an investment of money in any Fund or Account created under this Bond Resolution shall be transferred to the Funds and Accounts thereunder, which shall be credited to such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale or mode of such investments.

2. Earnings on the Debt Service Reserve Fund During the Capitalized Interest Period. Any interest or earnings credited to any Fund created under this Bond Resolution, other than the Operating Expense Fund, the Accounts established therein and the Reserves, whenever it shall be necessary in order to provide moneys to any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale or mode of such investments.

4. Specific Borrower Credits. The Trustee, simultaneously with each transfer contemplated by Section 5.10(c) and (d) hereof, shall notify the Trust and the Loan Service in writing of all such net earnings so transferred. Such written notice shall set forth the net earnings for such Fund or account for the period from September 1, 2004 and the end of the Interest Payment Date through and including March 1, 2007 shall be applied as follows:

(a) Borrowers that are Capitalizing Interest. Commencing September 1, 2004 and on each Interest Payment Date thereafter and including March 1, 2007, the Trustee shall transfer the amounts of net earnings from the investment of money in the Debt Service Reserve Fund set forth from the proceeds of the Fund during the payment of a portion of the interest due on the Series 2004A Bonds on such Interest Payment Date.

(b) Borrowers that are not or are no longer Capitalizing Interest. Commencing September 1, 2004 and on each Interest Payment Date thereafter and including March 1, 2007, the Trustee shall transfer the balances of the net earnings from the investment of money in the Debt Service Reserve Fund, the Service Reserve Fund, the Service Reserve Requirement of each non-SRF Borrower, and any amounts owing thereon as provided in the Trust Indenture Agreement which have not been transferred to the Debt Service Reserve Fund, the Service Reserve Fund and the Service Reserve Requirement of each non-SRF Borrower (being the Borrowers or non-SRF Borrowers) as applicable, of the amount of such net earnings, as these amounts may be adjusted or revalued as provided in the Trust Indenture Agreement during the payment of the net earnings allocable to such Borrower on such Interest Payment Date.

6. Service Reserve. The Trust may withdraw and utilize earnings in any Fund or accounts other than the Interest Account and the Principal Account in the Debt Service Fund to pay into the Reserve Fund held in trust for the purpose of providing a source of funds to pay, in whole or in part, the amounts due to the Trust hereunder, to the extent of any moneys and investment earnings thereon on deposit in the Reserve Fund shall not be needed, as required, all or any portion of such moneys and investment earnings on deposit in the Reserve Fund shall be transferred to the Trust and the Reserve Fund shall be credited with such transferred moneys and investment earnings on deposit therein equal the Debt Service Reserve Requirement.

SECTION 5.25. Restrictions on Loans. No Loan may be made to reimburse Borrower for all or a portion of the cost of a Borrower's Project, or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by such Borrower to finance all or a portion of the cost of such Borrower's Project, unless the Borrower delivers to the Trust and the Trustee of Bond Cash approved the Debt Trust, in form and substance satisfactory to the Trust, to the effect that such reimbursement or refinancing will not adversely affect the exclusion from gross income for Federal income tax purposes of interest paid on the Series 2004A Bonds.

SECTION 5.88. Liens, Encumbrances and Charges. The Trust shall not create or cause to be created and shall not suffer to exist, any lien, encumbrance or charge upon the Trust Estate except the pledge, for the payment and charges therefor of the Loans and the Operating Expenses Fund, and the Borrowers or non-SRF Borrowers and any other evidences of indebtedness that have an interest in the Master Program Trust Account to the extent of the interest in the Master Program Trust Account to the extent of the interest in the Master Program Trust Account to the extent that the Trustee shall have cause to pay or prepay charges, or make provision for, such other evidences of indebtedness or other charges and the value of the Trust Estate shall be maintained in good faith and by appropriate legal proceedings.

SECTION 5.89. Accounts and Audits. The Trust shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, this Bond Resolution and any Supplemental Instrument, which books of records and accounts shall be kept by the Trustee and shall be audited at such time in the manner and by the auditor as the Trustee may determine in its discretion.
receipt by the Trustee of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (a) a statement of all Bonds and accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (b) a statement of the amounts collected in connection with this Bond Resolution; (c) a statement whether the balance in the Duff & Phelps Reserve Fund meets the Duff & Phelps Reserve Requirement established under this Bond Resolution; and (d) a statement that, in making such audit, no knowledge of any default in the fulfillment of any terms, covenants or provisions of this Bond Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof.

SECTION 8.06. Tax Rebuttal.

1. In connection with the issuance of any Series of Bonds an Authorized Officer of the Trustee is authorized to execute on behalf of the Trust a Certificate as to interest (including the Yar Certificate), a copy of the instrument or certificate to which the Trustee is entitled, a summary of all material documents and a description of the nature and characteristic of such Series of Bonds so as not to be “federal bonds” within the meaning of Sections 103(b)(2) and (4) of the Code.

2. Any amount required to be set aside for future or to modify a yield restriction requirement to the Internal Revenue Service pursuant to any letter or instructions or certificates as to interest shall be considered a loss for purposes of determining “net earnings” pursuant to Section 5.10 hereof.

SECTION 8.07. Application of Loan Precipitations. Upon the precipitations, in whole or in part, of any Loan, the Trustee shall elect to apply such precipitations either (i) to the redemption of Bonds on the next succeeding call date in accordance with Articles IV, or (ii) in the event, the Trustee, in accordance with Section 12.01. The Trustee may only consent to Loan precipitations pursuant to the Loan Agreements if it simultaneously delivers to the Trustee a certificate of an independent public accountant demonstrating that the aggregate Trust Bond Loan Precipitations due pursuant to the Loan Agreements after such precipitations shall be sufficient to pay when due the principal and interest on any Bonds outstanding after giving effect to the Loan precipitations, or (iii) to the extent so designated by the Trustee under the Loan Agreements, to the establishment of a Trust Fund or to the purchase of the principal and interest on any Bonds outstanding after giving effect to the Loan precipitations, or (iv) to the extent so designated by the Trustee under the Loan Agreements, to the acquisition or purchase of the principal and interest on any Bonds outstanding after giving effect to the Loan precipitations, or (v) to the extent so designated by the Trustee under the Loan Agreements, to the payment into a sinking fund established for the purpose of redeeming the Bonds on or before the date set for the redemption of such Bonds.

SECTION 8.08. Default. Events of Default. If any of the following events occurs, it is hereby defined and declared to be the occasion of an “Event of Default” for the Bonds of all Series then Outstanding:

(a) any payment of principal of or interest on any Bond, or

(b) any default in the due and punctual payment of the principal or Redemtion Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond, or

(c) (i) the Trustee shall be adjudicated a bankruptcy or become subject to an order for relief under federal bankruptcy law, (ii) the Trustee shall institute a proceeding seeking to obtain relief under modifying bankruptcy law or seeking to obtain relief without relief of bankruptcy law or seeking to obtain relief without relief of bankruptcy law, including, without limitation, a receivership, (iii) a Trustee shall be appointed by or under any such proceeding, and (iv) the Trustee shall be deemed to have been adjudicated a bankruptcy or become subject to an order for relief under federal bankruptcy law.

(b) the Trustee by action or suit in equity may require the Trustee to account if it were the receiver of any such trust funds, or make such action as the Trustee may determine necessary or appropriate in the best interest of the Holders of Bonds, subject to the terms of such Loan Agreements; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bond, and if requested so to do by the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefore, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, and each and every right or remedy shall be cumulative and shall be in addition to any other right or remedy given to or to such Holders hereunder or now or hereafter existing at law or in equity or under statute or otherwise by the Trustee or the Holders of Bonds, and shall not by reason of such exercise impair or prejudice each and every such right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or affect the right of the Holders of any Bond to enforce any such right or remedy or the right of the Holders of any Bond to require from time to time, as often as may be deemed expedient, the exercise of any such right or remedy.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders of any Bond in any instance shall extend or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 9.03. Right of Holders of a Series of Bonds to Direct Proceedings. Anything in this Bond Resolution to the contrary notwithstanding, the Holders of any Series of Bonds shall have the right at any time during the continuance of an Event of Default of such Series, by instrument or instruments in writing executed and delivered to the Trustee, to direct the time, place and manner of all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution, or for the appointment of a receiver or receivers of any such proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law of said Bond Resolution.

SECTION 9.04. Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or to be taken under the provisions of this Article upon any occasion of the payment of the principal of and interest on any Bond, or the proceeds derived from any sale or other disposition of any Bond or any property of the Trust Estate, or the moneys received for any reason by the Trustee, the Trustee shall exercise such discretion as to the application of any such moneys as the Trustee at any time and from time to time, as the Trustee, in the exercise of its sound and prudent judgment, shall deem advisable or necessary.

SECTION 9.05. Termination of Proceedings. In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or the institution of any action or proceeding, or in case the Trustee shall have been or shall hereafter be constrained or ordered to proceed in any manner whatsoever to effect, disturb or prejudice the rights of the Holder of any Bond to enforce the payment of the principal or Redemtion Price of such Bond, or to the Trust Estate or to any property of the Trust Estate, the Trust shall be adjudicated in default of any such Bond issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and this Bond Resolution shall be deemed to have been annulled and declared of no force and effect and this Bond Resolution shall be deemed to have been annulled and declared of no force and effect, and all judgments, decrees, orders, decisions, proceedings and other acts of any and all courts, commissioners, arbitrators, receivers, Trustees, assignees and executors procured or had or obtained, or which shall have been or shall hereafter be procured, in any manner whatsoever, to enforce the payment of the principal or Redemtion Price of any Bond, or the Trust Estate or to any property of the Trust Estate, shall be conclusively deemed to be (i) invalid and of no effect and (ii) to be a nullity and of no effect.
respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings had been taken.

SECTION 9.08. Default of Events of Default. The Trustee may, and upon the written request of the Holders of not less than 75% in principal amount of all Bonds then outstanding, without prejudice to any other event of default existing at the time, determine any one or more Events of Default which in its opinion shall have been remedied before the occurrence of the enforcement of any remedy under this Bond Resolution, but no such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

SECTION 10.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days written notice to the Holders and to the Trustee and notice thereof to the Holders of the Bonds then Outstanding at the time specified in such notice, or at any time, shall have been appointed by the Trust or the Bondholders as provided in Section 10.09, in which event such resignation shall take effect immediately or, if the Governor of such successor shall not have been appointed by the Trust or the Bondholders as provided in Section 10.09 on that date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 10.08. Removal of Trustee. The Trustee may be removed at any time: (a) by an instrument in writing signed by an Authorized Officer of the Trust, and if the Trust does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust; or (b) if no such instrument is signed by an Authorized Officer of the Trust, and if the Trust does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust, or (c) if no such event, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, for just cause by a resolution of the Trust filed with the Trustee. Notwithstanding any other provision in this Article X, no removal of the Trustee shall take effect until after a successor shall have been appointed pursuant to the provisions of Section 10.09.

SECTION 10.09. Appointment of Successor Trustee. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days then the Trustee shall have given the Trust written notice as provided in Section 10.07 or after a vacancy in the office of the Trustee has shall have occurred for any reason of its inability to act, any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any person appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association in good standing, doing business and

SECTION 11.02. Supplemental Resolutions Effective Upon Filing With Trustee. For any one or more of the following purposes and at any time or time in time, a Supplemental Resolution of the Trust may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, shall be fully effective in accordance with its terms.

(a) To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution as to the authentication, delivery and sale of Bonds.

(b) To add to the duties, care, obligations and agreements of the Trust in this Bond Resolution, other duties, care, obligations and agreements to be observed and performed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect.

(c) To add to or modify the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed and performed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or restrict any such limitation, restriction or determination contained in Article XI at any time prior to the first authentication and delivery of such Bonds.

(d) To confirm as further assurance, any security interest, pledge or assignment under this Bond Resolution, and the effect of any security interest, securities or funds as any security interest, pledge or assignment created or to be created by this Bond Resolution;

SECTION 11.06. Powers of Amendment by Supplemental Resolution. Unless otherwise permitted under Section 11.01 or Section 11.02, any modification or amendment of this Bond Resolution and of the rights and obligations of the Trust and of the Holders thereof, in any particular, may be made only by a Supplemental Resolution with the written consent of (i) the Holders of not less than two-thirds (2/3) in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of such Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment relates to the widening of the holder rights in the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of the particular Series and maturity entitled to a modification or amendment so widening the holder rights, or any other matters whether or not affecting the Bonds of any Series or of the Holders of any particular Series and maturity, the Holders of such Bonds shall be required and such Bond shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of any provision of this Bond Resolution which is contrary to or inconsistent with the provisions of this Bond Resolution as theretofore in effect, or to amend, modify or restrict any such limitation, restriction or determination contained in Article XI at any time prior to the first authentication and delivery of such Bonds.

SECTION 11.08. Modifications or Amendments by Unanimous Consent. The terms and provisions of this Bond Resolution and the rights and obligations of the Trust and of the Holders of the Bonds then Outstanding as aforesaid shall be modified or amended by the consent of the Holders of the Bonds of any Series or of any particular Series and maturity at any time prior to the first authentication and delivery of such Bonds or the consent and action of an authorized officer of the Trust in accordance with the provisions of this Bond Resolution and with the approval of the holders of a majority of the Bonds of any particular Series and maturity then Outstanding, in either case as the Trustee may in its judgment determine.

SECTION 11.12. Amendment of Loan Agreements. The Trust shall not supplement, amend, modify or terminate any Loan Agreement, or any agreement or arrangement of income or principal or other funds or of the Holders of the Bonds, without the written consent of the Trustee thereunder. Any amendment, modification or termination of any Loan Agreement shall be subject to the written consent of the Trustee thereunder. Any modification or amendment of any Loan Agreement shall be subject to the written consent of the Trustee thereunder, but the Trustee shall not be required to give any written consent in connection with any Loan Agreement, or any agreement or arrangement of funds for the payment of the principal of any Bond or Bonds, or for the payment of the interest thereon, or for the extension of the term thereof, or for the release of any security or other instrument or for the performance of any other act or thing in connection with such Loan Agreement or agreement or arrangement as the Trustee may, in its sole discretion, determine.

SECTION 11.13. Resignation or Removal of Paying Agent, Agent or Trustees. The Trustee may at any time resign or be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days written notice to the Trust, or the Holders thereunder, or to any Paying Agent or to any other Agent or Trustees or to any Bondholders. Any such resignation or removal shall be effective upon filing with the Trustee, and notice thereof to the Holders of the Bonds then Outstanding, if the parties specified in such notice, or the party then specified, and any Bondholders have been appointed by the Trust or the Bondholders, as provided in Section 10.09, on that date, in which event such resignation or removal shall not take effect until a successor is appointed.

2-29

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advantageously affect the exclusion from gross income of the interest on the Series 2003A Bonds for federal income tax purposes. In making any determination under this Section 12.01, the Trustee may consider any opinions of counsel.

Notwithstanding any other provision in this Section, the Trustee may supplement, amend or modify any Loan Agreement without the consent of the Trustee or any Bondholders (a) for the purposes set forth in Section 4.05 of the Trust Indenture, or (b) for the purpose of amending, supplementing or modifying Exhibit B to the Loan Agreement prior to the execution and delivery thereof.

SECTION 12.01. Defeasance of Bonds.

If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal, together with the interest due thereon, then the Trustee shall deliver to the Trustee or to such other person as the Trustee may direct, the Bond or Bonds (and the interest coupons thereon) for such Bond or Bonds, and the Trustee shall forthwith cancel the same and shall mark thereon the words "Defeased" or words of like tenor.

2. Bonds (which can be an entire Series or portion thereof) may be defeased in the following events and circumstances:

(a) if at any time prior to the maturity date of any Bond or Bonds of any Series the principal and interest thereon shall be paid in full, together with all other moneys due under the Bonds of such Series, to the Trustee, free and clear of any lien, security interest, pledge or assignment security, or other encumbrance;

(b) if the Trustee, free and clear of any lien, security interest, pledge or assignment security, or other encumbrance, shall deposit with the Trustee such moneys as shall be sufficient to pay the principal, interest and premium (if any) and redemption price (if any) on any Bonds of such Series as may be purchased by or on behalf of the Trustee pursuant to the notice of redemption referred to in clause (a) of Section 12.01, together with all other moneys due thereon or a specified date prior to the maturity date or a date or dates prior to the date the Trustee is required to be reimbursed or reimbursable for such principal or redemption price (if any) and other moneys due under such Bonds, and the Trustee shall forthwith cancel the same and shall mark thereon the words "Defeased" or words of like tenor.

3. If the Trustee shall deposit with the Trustee such moneys as shall be sufficient to pay the principal, interest and premium (if any) and redemption price (if any) on any Bonds of such Series as may be purchased by or on behalf of the Trustee pursuant to the notice of redemption referred to in clause (a) of Section 12.01, together with all other moneys due thereon or a specified date prior to the maturity date or a date or dates prior to the date the Trustee is required to be reimbursed or reimbursable for such principal or redemption price (if any) and other moneys due under such Bonds, and such Bonds shall have been purchased by or on behalf of the Trustee pursuant to such notice, then the Trustee shall forthwith cancel the same and shall mark thereon the words "Defeased" or words of like tenor.
SUMMARY OF THE SERIES 2003A LOAN SERVICING AND TRUST BONDS SECURITY AGREEMENT

The following are excerpts of certain provisions of the Series 2003A Loan Servicing and Trust Bonds Security Agreement by and among the Trust, the State and Commerce Bank, as Loan Servicer (hereinafter the “Loan Servicing Agreement”). These excerpts are not to be considered a full statement of the terms of the Loan Servicing Agreement and, accordingly, may be incomplete or otherwise incorrect. The Loan Servicing Agreement is subject to and provided in accordance with the conditions set forth in the Bond Resolution. Copies of the Loan Servicing Agreement may be obtained from the Trust upon request. The section references shown at the beginning of each excerpt are in partial summary of the Loan Servicing Agreement.

SECTION 3. Loan Servicer’s Duties and Responsibilities. The Loan Servicer shall, as agent for the Trust and the State, perform the following duties and services:

(a) The Loan Servicer shall diligently use its best efforts to collect from each Borrower all amounts due to the Trustee under the Loan Servicing Agreement and the Loan Documents, and the Loan Servicer hereby acknowledges that (i) all amounts so collected with respect to the Loan Servicing Agreement shall be collected by the Loan Servicer on behalf of and for the benefit of the Trust and the State, (ii) in making such collections the Loan Servicer acts as an agent for the Trust and the State, (iii) all amounts on account of the property of the Trust and the State are to be treated of their respective interests therein determined in accordance with paragraph (f) below, and (iv) the amounts deemed received by the Trust and the State as Loan Repayment is to be credited in the Trust Bonds Security Account pursuant to paragraph (c) below, immediately upon deposit thereto, deemed to be in the Hands of the Trustee and are included in the Trust Estate established and pledged as security for the Series 2003A Bonds under the Bond Resolution.

(b) Promptly after the receipt of each Loan Repayment, Administrative Fee Payment or other required payment from a Borrower, the Loan Servicer shall credit such Borrower with each of the respective sums collected. Amounts received from each Borrower with respect to a particular payment date shall be credited, first, to the payment due (other than the Administrative Fee Payment) under the Loan Servicing Agreement, second, to the Administrative Fee Payments then due under the Loan Servicing Agreement, third, to the payment due (other than the Administrative Fee Payment, if any) under the Fund Loan Agreement, and, fourth, to the Administrative Fee Payment, if any, then due under the Fund Loan Agreement, except that for each Borrower (if any) listed in Schedule 2 attached hereto, amounts received with respect to a particular payment date shall be credited, first, to amounts due to such Borrower (other than the Administrative Fee Payments) under the Loan Servicing Agreement, second, to the Administrative Fee Payments then due under the Loan Servicing Agreement, and, third, to the Administrative Fee Payment, if any, then due under the Fund Loan Agreement.

(c) Promptly after crediting each Borrower pursuant to the order of priority established under paragraph (b) above for the moneys received from each Borrower with respect to a particular payment date, the Loan Servicer shall deposit the sums collected in the following payment trust accounts established for such payments in the following order of priority when the Full Deposit Amounts are deposited, unless reinvested in accordance with this paragraph (c), shall be immediately disbursed in the following order by the Loan Servicer:

(i) First, to the Trust Bonds Security Account a sum or sums from moneys credited as Loan Repayments and Administrative Fee Payments, the amounts collected and the amounts of the disbursements made.

(ii) If a payment of amounts due under a Trust Loan Agreement or a Fund Loan Agreement is not received on or before the required payment date, the Loan Servicer shall notify the Borrower and, if applicable, the Trustee under the Borrower Bond Resolution (as such term is defined in the Trust Loan Agreement) in writing within five days after such payment date that the payment is past due. A copy of such notice shall be provided to the same Trustee and the Trustee. If a payment is not received from the Borrower within ten days of the date when such payment is due, the Loan Servicer shall promptly notify the Trust, the State and Commerce Bank, the Trustee, and the Borrower Bond Resolution Servicer. At any time the Loan Servicer shall have received the moneys from the Borrower which were past due and pay the Trustee and the Trustee Bond Resolution Servicer, the Trustee Bond Resolution Servicer shall promptly notify the Trust, the State and Commerce Bank, the Trustee, and the Borrower Bond Resolution Servicer.

(d) The Loan Servicer shall promptly notify the Trust, the Trustee, and the Borrower and, if applicable, the Loan Servicer under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (c) above for the moneys received from the Borrower pursuant to paragraph (b) of this Section 3 are insufficient to satisfy in full the Loan repayments and Administrative Fee Payments then due under the Loan Servicing Agreement. The Loan Servicer shall promptly notify the Trust, the State and Commerce Bank, if applicable, the Trustee under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (b) of this Section 3 with respect to a particular payment date are insufficient to satisfy in full the loan repayments and Administrative Fee Payments then due under the Loan Servicing Agreement. The Loan Servicer, pursuant to Section 5.07(c) of the Bond Resolution, shall also notify the Trust, the Trustee and the State that a Trust Bond Loan Repayment deficiency cannot be satisfied from Loan Repayments deposited in the Trust Bonds Security Account pursuant to Section 3(c)(ii) hereof.

(e) The Loan Servicer shall have the rights and shall perform all of the duties, services and obligations of a Prior Loan Servicer (as defined in and as set forth in the Master Program Trust Agreement).

SECTION 4. Calculation of Loan Repayments. Simultaneously with the execution and delivery of this Agreement by the party or parties to the Trust and the State shall pay the Loan Servicer, in accordance with all of the provisions of the Loan Servicing Agreement, for each Loan with respect to which the Loan Servicing Agreement shall be in effect, the interest and service charges set forth in the Bond Resolution, which shall include as Exhibit A-2 thereunder a principal and interest repayment schedule for the Trust Loan and a principal repayment schedule for the Fund Loan (as such terms are defined in the Trust Loan Agreements and the Fund Loan Agreements, respectively). The amounts for each payment period as set forth in Exhibit A-2 of each Fund Loan Agreement, as such Exhibit A-2 may be amended or modified, as the amounts with which the respective Borrowers are to be credited pursuant to paragraph (h) of Section 3 hereinbelow, unless (a) certain of such Exhibit A-2 amounts represent the Loan Repayments representing the Loan Repayment due under the Trust Loan, as set forth in Schedule A to Exhibit A-2 of the Trust Loan Agreements, are deemed paid from amounts received on deposit in the Capitalized Interest Account established under the Bond Resolution and used to pay interest on the Series 2003A Bonds, or (b) a credit to such Exhibit A-2 amounts has been calculated as described herein. The amounts for each payment period as set forth in Exhibit A-2 of each Fund Loan Agreement, as such Exhibit A-2 may be amended or modified, as the amounts with which the respective Borrowers are to be credited pursuant to paragraph (h) of Section 3 hereinbelow.

Upon receipt of a certificate of the Trust delivered pursuant to Section 5.02(b) of the Bond Resolution, the Loan Servicer shall credit the scheduled Trust Bond Loan Repayments set forth in Exhibit A-2 to the Trust Loan Agreement in accordance with the instructions set forth in such certificate. The Loan Servicer shall promptly forward a copy of the exhibit to the State and, if applicable, the trustee under the Borrower Bond Resolution.
SUMMARY OF THE MASTER PROGRAM TRUST AGREEMENT

The following is a general summary of certain provisions of the Master Program Trust Agreement (the "Agreement") made as of the 1st day of November, 1995 by and among the Trust, the State, U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), as Master Program Trustee, The Bank of New York (NY), as several capacity trustee, and First Federal Bank, N.A. (predecessor to First Union National Bank), in several capacities thereunder, as the same may be amended and supplemented from time to time in accordance with its terms. This summary is not to be considered a full statement of the terms of the Agreement and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Agreement may be obtained from the Trust upon request. The section references shown below in parentheses are to particular sections of the Agreement.

Definitions

The following are definitions in summary form of certain terms contained in the Agreement and used therein:

"Authorized Officer" shall mean (i) in the case of the Trust, the Chairman, Vice Chairman or Executive Director of the Trust, or any other person or persons designated by the Board of the Trust by resolution to act on behalf of the Trust under the Agreement, the designation of such person or persons shall be evidenced by a written certificate containing the signatures of such person or persons and signed on behalf of the Trust by its Chairman, Vice Chairman or its Executive Director; (ii) in the case of the State, the Governor of the State, the State Treasurer, any designee thereof duly authorized in writing by either the Governor of the State or the State Treasurer, or any successor thereto, (iii) in the case of the Master Trustee, any person or persons authorized in accordance with all applicable law to perform any act or execute any document, the designation of such person or persons shall be evidenced by a written certificate containing the signatures of such person or persons and evidenced by the corporate resolution or duly authorized executive authorizing such person or persons or class of persons to act on behalf of the Master Trustee, and (iv) in the case of any Future Trustee, Future Loan Servicer, Ineligible Future Trustee or Ineligible Future Loan Servicer.

"Borrowers" shall mean government units within the State that have participated in and will in the future participate in the New Jersey Wastewater Treatment Financing Program.

"Coverage Financing Programs" shall mean, collectively, or individually, as the case may be, Coverage Providing Financing Programs or Coverage Receiving Financing Programs.

"Coverage Providing Financing Programs" shall mean the Prior Financing Programs, the 1995 Financing Program, all Future Financing Programs and all Ineligible Future Financing Programs, as defined, or any portion thereof as evidence of any portion thereof, as evidenced by any documents or agreements coming into or existing on the summary date, the terms of which evidencing the authority and effect of the Prior Financing Programs, the 1995 Financing Program, all Future Financing Programs and all Ineligible Future Financing Programs, whether evidence of their entirety or of any partial evidentiary interest in the same, as the case may be, in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Excluded Trust Bonds.

"Coverage Receiving Financing Programs" shall mean the Prior Financing Programs only (i.e., a Financing Program Deficiency cannot occur for any Future Financing Program, any Ineligible Future Financing Program or any Excluded Future Financing Program, that deficiency in the applicable Trustee's receipt of monies from the affected Loan Servicer as more particularly defined in Section 6(b) of the Agreement.

"Ineligible Future Loan Agreements" shall mean the Coverage Providing Fund Loan Agreements (i.e., the Prior Loan Fund Agreements, the 1995 Fund Loan Agreements, the Future Fund Loan Agreements, the Ineligible Future Fund Loan Agreements) and the Excluded Fund Loan Agreements, all in accordance with the terms of all applicable law, pursuant to which the State has agreed and will agree to make loans to such Borrowers for the purpose of Financing Trust Projects.

"Future Loan Servicers" shall mean the Loan Servicers under the Future Loan Servicing Agreements.

"Future Loan Servicing Agreements" shall mean the Loan Servicing and Trust Bonds Security Agreements to be entered into for all Future Financing Programs.

"Future Trust Bonds" shall mean annual revenue bonds to be issued by the Trust in one or more series for all Future Financing Programs.

"Future Trust Bond Resolution" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Ineligible Future Trust Bonds.

"Future Trustee" shall mean the trustee of each Future Trust Bond and each series of Future Trust Bonds, as set forth in the Agreement.

"Future Trust Loan Agreements" shall mean the loan agreements to be entered into by the Trust and the Borrowers for the Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust will agree to make a loan to such Borrowers from a portion of the proceeds of Future Trust Bonds for the purpose of Financing Trust Projects.

"Future Trusts" shall mean the trusts for all Future Trust Bonds.

"Ineligible Future Financing Programs" shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

"Ineligible Future Fund Loan Agreements" shall mean the loan agreements to be entered into by the State and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, pursuant to which the State will agree to make a loan to such Borrowers for the purpose of Financing Trust Projects.

"Ineligible Future Loan Servicers" shall mean the Loan Servicers for such Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"Ineligible Future Loan Servicing Agreements" shall mean the Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"Ineligible Future Trust Bonds" shall mean annual revenue bonds to be issued by the Trust in one or more series for Ineligible Future Financing Programs.

"Ineligible Future Trust Bond Resolution" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Ineligible Future Trust Bonds.

"Ineligible Future Trustee" shall mean the trustee of each Ineligible Future Trust Bond and each series of Ineligible Future Trust Bonds, as set forth in the Agreement.

"Ineligible Future Trust Loan Agreements" shall mean the loan agreements to be entered into by the Trust and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust will agree to make a loan to such Borrowers from a portion of the proceeds of Ineligible Future Trust Bonds for the purpose of financing Trust Projects.

"Ineligible Future Loan Servicers" shall mean the Loan Servicers for such Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"Ineligible Future Loan Servicing Agreements" shall mean the Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"Ineligible Future Trust Loan Agreements" shall mean the loan agreements entered into simultaneously with the Agreement by the State and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, pursuant to which the State has agreed to make a loan to the Borrowers for the purpose of Financing Trust Projects.

"Ineligible Future Loan Servicers" shall mean the Loan Servicers for such Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"Ineligible Future Trust Loan Agreements" shall mean the loan agreements entered into simultaneously with the Agreement by the State and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust has
Trust Agreement, Pledge, Security Agreement and Subaccount Liabilities

The Master Program Trustees shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts under the Agreement in trust for the benefit of the Holders of all Coverage Receiving Trust Bonds in accordance with the terms thereof. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of such Holders.

To the extent the moneys and securities on deposit in the Master Program Trust Account are not needed to make timely payment of debt service on the Coverage Receiving Trust Bonds in accordance with the terms of the Agreement, the Master Program Trustees shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts therein in trust for the benefit of the Trust and the State as a trust fund as provided therein. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of the Trust and the State.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein are observed and performed by or on behalf of the Master Program Trustees for the equal and mutual benefit, protection and security of the Holders of any and all of the Coverage Receiving Trust Bonds, all of which, regardless of the time or terms of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to line or otherwise with respect to their security interests in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. The Master Program Trustees, in security for the payment of the principal and redemption premiums, if any, of, and the interest on, the Coverage Receiving Trust Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Master Program Trustee under the Agreement in all its provisions, thereof, does grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the respective Trustees of the Coverage Receiving Trust Bonds and securities in the Master Program Trust Account and all Subaccounts therein. The pledge made by the Agreement is valid and binding from the time when the pledge is made and the Master Program Trust Account and all Subaccounts therein shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and regardless of whether held by the Master Program Trustees or the respective Trustees, and the lien of such pledge shall be valid and binding as against all parties having claims arising under the Agreement against the Master Program Trustees irrespective of whether such parties have notice thereof.

The Agreement shall constitute a security agreement under the New Jersey Uniform Commercial Code with respect to the funds and securities in the Master Program Trust Account and all Subaccounts therein and the Master Program Trustees will execute and deliver to the Trustees of all Coverage Receiving Trust Bonds on demand and irrevocably appoitn such respective Trustees and representatives of any of such Trustees, the attorney-in-fact of the Master Program Trustees to execute, deliver and file such financing statements and other instruments as such Trustees, the Officer of the Trust or the State, or the Master Program Trustees may determine, and maintain such security interest under the New Jersey Uniform Commercial Code upon the funds and securities in the Master Program Trust Account and all Subaccounts therein.

Subject to the pledge of the funds and securities in the Master Program Trust Account and all Subaccounts therein made for the benefit of the Holders of the Coverage Receiving Trust Bonds, the Master Program Trustees shall not grant and all of the parties to the Agreement shall not cause the Master Program Trustees to permit to any party any rights or interests in and to any funds and securities in the Master Program Trust Account and all Subaccounts therein, which interest is in a priority basis with or is superior to the lien established by the Agreement for the benefit of the Holders of the Coverage Receiving Trust Bonds (now existing and to be created). Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may act as the written consent of the State in the capacity of the Master Program Trustee and all Subaccounts therein, which interest is in a priority basis with or is superior to any rights or interests in and to any funds and securities in the Master Program Trust Account and all Subaccounts therein made for the benefit of the Holders of any and all of the Coverage Receiving Trust Bonds, all of which, regardless of the time or terms of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to line or otherwise with respect to their security interests in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may act as a fiduciary for the benefit of such Holders.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein are observed and performed by or on behalf of the Master Program Trustees for the equal and mutual benefit, protection and security of the Holders of any and all of the Coverage Receiving Trust Bonds, all of which, regardless of the time or terms of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to line or otherwise with respect to their security interests in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may act as a fiduciary for the benefit of such Holders.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein are observed and performed by or on behalf of the Master Program Trustees for the equal and mutual benefit, protection and security of the Holders of any and all of the Coverage Receiving Trust Bonds, all of which, regardless of the time or terms of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to line or otherwise with respect to their security interests in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may act as a fiduciary for the benefit of such Holders.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein are observed and performed by or on behalf of the Master Program Trustees for the equal and mutual benefit, protection and security of the Holders of any and all of the Coverage Receiving Trust Bonds, all of which, regardless of the time or terms of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to line or otherwise with respect to their security interests in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may act as a fiduciary for the benefit of such Holders.
Appointment of Successor Master Program Trustee

In case at any time the Master Program Trustee shall resign or shall be removed or shall become incapable of acting, or shall be declared by an authorized federal or state agency, or by a receiver, liquidator or conservator of the Master Program Trustee, or of its property, to be disqualified or incompetent, and in any such event a successor may be appointed by the holders of a majority in the aggregate of the principal amounts of the Coverage Receiving Trust Bonds then Outstanding, excluding any such Trust Bonds held by or for the account of the Trustee, by an instrument in writing signed by an Authorized Officer of the Trust, but if the Trustee does not appoint a successor within thirty (30) days after such vacancy, then the holders of a majority in the aggregate of the principal amounts of the Coverage Receiving Trust Bonds then Outstanding shall appoint a successor or successors for such purpose, by an instrument in writing signed by an Authorized Officer of the Trust, the Master Program Trustee and any existing Loan Servicers and Trustees.

If in a proper case no appointment of a successor Master Program Trustee shall be made pursuant to the foregoing provisions of Section 3 of this Agreement a new Master Program Trustee shall be appointed at a meeting of the holders of a majority in the aggregate of the principal amounts of the Coverage Receiving Trust Bonds then Outstanding, excluding any such Trust Bonds held by or for the account of the Trustee, by an instrument in writing signed by an Authorized Officer of the Trust and the Master Program Trustee, the Master Program Trustee and any existing Loan Servicers and Trustees.

Any Master Program Trustee appointed under the provisions of this section in succession to the Master Program Trustee shall be a bank or trust company or national banking association or corporation in good standing doing business and having its principal office in the State or any contiguous State, duly authorized to exercise trust powers, subject to examination by federal or state authorities, having capital stock and surplus aggregating at least $20,000,000, if there be such a bank or trust company or national banking association or corporation willing and able to accept the office of Master Program Trustee on reasonable and customary terms and authorized by corporate action and by law to make the representations and warranties of Master Program Trustee under the Agreement (except that any representations and warranties therein relating to the Master Program Trustee's organization and existence as the State of New York shall be to the state of existence of any successor Master Program Trustee).

Transfer of Rights and Property to Successor Master Program Trustee

Any successor Master Program Trustee appointed under the Agreement shall execute, acknowledge and deliver to its predecessor Master Program Trustee, and also to the Trustee, in consideration of such appointment, and in exchange for such successor Master Program Trustee's rights, title, interest, and property, the Successor Master Program Trustee shall at the time of such appointment, either execute an instrument of assumption, or deliver to the Trustee an instrument of conveyance or deed of assignment, in substantially the form of Schedule A-2 to the Agreement, sufficiently evidenced and acknowledged by a public officer of the State in which the Successor Master Program Trustee is located, and shall also deliver such instrument of conveyance or deed of assignment and such other documents as may reasonably be required for a proper and valid vesting and confirmation in such successor Master Program Trustee of all the rights and interests of the Trustee herein set forth and to be vested in or in any manner hereafter held by it under the Agreement, and shall pay over, assign and deliver to the Successor Master Program Trustee any money or other property subject to the terms and conditions of the Agreement. Should any such conveyance or instrument in writing from the Trustee be required by such successor Master Program Trustee for more fully and completely vesting in and confirming to such successor Master Program Trustee any such rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and for as far as may be authorized by law, be executed, acknowledged and delivered to the Trustee.

Investment by the Master Program Trustees of Moneys on Deposit in the Master Program Trust Account

All moneys deposited by the Master Program Trustees in the Master Program Trust Account shall be invested by the Master Program Trustees in accordance with the Investment Securities and Investment Policies as defined in writing by an Authorized Officer of the Trust, provided however, that the Trustee shall not direct investments of moneys on deposit in the Master Program Trust Account in any security or series of Coverage Receiving Trust Bonds that when issued, the interest on which is payable in any coin or currency of the United States of America payable at the option of the issuer therefor in any coin or currency of the United States of America or in any coin or currency of a foreign country or jurisdiction and not legally tender in the United States of America, or covered by a letter of credit issued by an American Bank and payable in United States Dollars, or maturing on or after the date of issue.

Pursuant to the terms of Section 3(c)(iv) of each Loan Agreement, the Master Program Trustee for each Loan Agreement may provide such additional security to the Loan Servicer as it deems necessary to secure its obligations under the Loan Agreement and to ensure the performance of the Loan Servicer under the Loan Agreement. The Master Program Trustee for each Loan Agreement may provide such additional security to the Loan Servicer to secure its obligations under the Loan Agreement for an amount equal to the outstanding principal balance of the Loan Agreement for which such additional security is provided on the date of the Loan Agreement and as of the date of this Agreement, and such amount shall be reduced or removed as provided in the Loan Agreement.
Revenue Fund. Promptly thereafter, such Loan Servicer shall notify the Trust, the State, the affected Trustee and the Master Program Trustee of such抽本息，

All monies received by the Loan Servicer for the affected Covered Receivables Financed Programs (after a Preliminary Notice of Financing Program Deficiency has been issued) and including the closing of business on the third Business Day immediately preceding such March 1st (or the next Business Day if such days are not Business Days) shall be immediately paid to the Trustee for any such Covered Receivables Financed Program; provided that, in the event of the occurrence of the Program Trustee shall notify the Trustee, the State, the affected Trustee and the Master Program Trustee of such

Reverue paid to the Trustee as the Trustee shall immediately (i) in the event of the occurrence of the Program

immediately preceding Business Day, and paid and received by the Loan Servicer in accordance with the terms and requirements of the Loan Servicing Agreement and the loan proceeds of which is the sum of the applicable Subaccounts thereto the respective amounts of each such Financing Program Deficiency.

(ii) To the extent the Master Program Trustee has timely received notice of any such Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(iii) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(iv) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(v) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(vi) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(vii) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(viii) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(ix) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.

(x) If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such monies to the Master Program Trust Account for the affected Trustee.
(C) To the extent the Master Program Trustee has received a certificate of an authorized officer of each of the Trust and the State setting forth that portion of the Special Coverage Amount, if any, if in effect for the immediately following September 1 (or the next Business Day if such day is not a Business Day) that is not to be funded with an equity contribution of the Trust, it shall transfer to the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of all such amounts of Special Coverage Recourse Trust Bonds for the immediately following September 1 (or the next Business Day if such day is not a Business Day) in an amount equal to the Special Coverage Amount.

(E) To the extent the balance of any such amounts on deposit in the March 2nd Payment Subaccount (other than the amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount) shall be transferred to the Special Coverage Subaccount within the March 2nd Payment Subaccount in accordance with the terms of the Agreement, for any administrative fees owed to the State under any Coverage Providing Fund Loan Agreement for any administrative fees owed to the State under any other administrative fees under applicable law, for any interest income on amounts on deposit in the Master Program Trust Account, and the March 2nd Payment Subaccount (i.e., excluding the Special Coverage Subaccount) that have not been previously distributed in accordance with the terms of the Agreement for any authorized purpose under applicable law.

(ii) From September 2nd through and including the immediately following September 1 of any year in which Coverage Receiving Trust Bonds are Outstanding, the Master Program Trustee shall deposit immediately following September 1 (or the next Business Day if such day is not a Business Day) in the March 2nd Payment Subaccount of the Master Program Trust Account any of the Special Coverage Amount, if any, if in effect for any such March 1 funded with an equity contribution of the Trust as so designated and as set forth in an accompanying certificate of an Authorized Officer of the Trust to provide additional security for the Holders of the Coverage Receiving Trust Bonds for any such March 1 (or the next Business Day if such day is not a Business Day).
(ii) Whenever an Event of Default referred to in Section 10(a) of the Agreement shall have occurred other than as a result of action or inaction of any such Trustee and be continuing, the Master Program Trustee or the Loan Servicer, as the case may be, acknowledges the rights of any such Trustee and any rights of any such Bondholder to direct any and all remedial action in accordance with the terms of the affected Bond Trust Resolution, and any such Master Program Trustee or any such Loan Servicer, as the case may be, also acknowledges that the Trust shall have the right to take, or to direct any such Trustee to take, any action permitted or required pursuant to the affected Bond Trust Resolution and to take whatever other action at law or in equity may appear necessary or desirable to effect the performance and observance of any duty, covenant, obligation or agreement of the Master Program Trustee, any such Loan Servicer or any such Trustee, in the case may be, under the Agreement.

(d) Amendments, Supplements, Modifications and Assignment. Except for all amendments or supplements to the Agreement contemplated by Sections 4, 8(a) and 9 of the Agreement and by Appendices A, B and C thereof, except for the assignment by the State contemplated below and except for the occurrence of future events contemplated therein (one of which shall require the consent of any party to the Agreement or any approval required under any applicable Bond Trust Resolution), the Agreement may not be amended, supplemented, modified or assigned without the written consent of all the Trust, the State, the Master Program Trustee, all of the then existing Trustees and all of the then existing Loan Servicers and without the satisfaction of all terms and conditions set forth in the applicable Trust Bond Resolutions that must be satisfied in order to amend the Agreement; provided however, that the then existing Trustees shall not consent to any such amendment or supplement to the Agreement unless any such amendment or supplement to the Agreement would satisfy the purposes and conditions for an amendment or supplement to the respective Bond Trust Resolutions under which the respective Trustees are vested with power to act as Trustees for their respective series of Trust Bonds; and provided further however, that notwithstanding any provision to the contrary in the Agreement or in any other document, instrument or certificate required of an official or entity in connection with any Financing Program by any entity, the State may assign all or a portion of its rights, duties and obligations under the Agreement to the Trust without any such prior consent of any such party and without the satisfaction of any conditions in any Trust Bond Resolution. (Section 10)

SUMMARY OF THE TRUST CONTINUING DISCLOSURE AGREEMENT

The following are certain excerpts of certain provisions of the Trust Continuing Disclosure Agreement, the "Continuing Disclosure Agreement," by and among the Trust, the Trustee and the Master Program Trustee. These excerpts are not to be considered a full statement of the terms of the Continuing Disclosure Agreement and, accordingly, are qualified by reference thereto and are subject to the full text thereof. In addition to the terms defined in Section 1.12 below, capitalized terms used in the Continuing Disclosure Agreement shall have the meanings set forth in the Continuing Disclosure Agreement. The meanings assigned to such terms in such excerpts are given in the "SUMMARY OF THE BOND RESOLUTIONS." Copies of the executed Continuing Disclosure Agreement may be obtained from the Trust or the Trustee upon request. The sections referenced herein are at the beginning of each excerpt in particular sections of the Continuing Disclosure Agreement.

Section 1.1. Additional Definitions. The following additional terms shall have the meanings specified below:

"Annual Report" means Financial Statements and Operating Data provided at least annually with respect to the Trust.

"Auditor" means an independent certified public accountant, a registered municipal accountant or any other accountant as shall be permitted or required under State law in accordance with GAAS.

"Bondholder" or "Holder" or any similar term, when used with reference to the Bonds, means any person who shall be the registered owner of any outstanding Bonds, excluding holders of beneficial interest in the Bonds.

"Bond Disclosure Event" means any event described in Section 2.1(b) of this Agreement.

"Bond Disclosure Event Notice" means the notice to each National Repository or the MSRB and the State Depository, if any, as provided in Section 2.4(a) of this Agreement.

"Disclosure Agent" means an entity acting in its capacity as Disclosure Agent under this Agreement or any successor Disclosure Agent designated by the Trustee that has filled a written acceptance of such designation.

"Financial Statements" means the audited financial statements for each Fiscal Year, and if available, relating to the Bonds and the Master Program Trust Account. Currently, no audited financial statements are completed with respect to the Bonds or the Master Program Trust Account.

"Fiscal Year" means the fiscal year of the Trust as determined by the Trust from time to time pursuant to the Trust Agreement. As of the date of this Agreement, the Fiscal Year of the Trust began on July 1 of each calendar year and closed on June 30 of the immediately succeeding calendar year.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing standards and mandated State statutory principles applicable to the Trust as may be in effect from time to time.

"GAAP" means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing standards and mandated State statutory principles applicable to the Trust as may be in effect from time to time.

Section 2.2.Reserved.

Section 2.4. Responsibilities and Duties of Trust, Disclosure Agent and Trustee.

(a) If fifteen (15) days prior to the date specified in Section 2.1(a) hereof the Trustee has not received a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, the Trustee shall contact the Trust to provide notice of the Trust's obligations pursuant to Section 2.1(a). (b) If the Trustee, by the date specified in Section 2.1(a) hereof, has not received a written report from the Trustor, as required by Section 2.4(c)(ii) hereof, indicating that an Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided to the Repositories by the date specified in Section 2.1(a) hereof, the Trustee shall send a notice to each National Repository or the MSRB and the State Depository, if any, substantially in the form attached hereto as Exhibit B together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof, with a copy thereof to the Trust.

(b) If the Trustee has determined that the occurrence of a Bond Disclosures Event would be material, the Trustee shall file promptly a notice of each occurrence with each National Repository or with the MSRB and the State Depository, if any ("Bond Disclosure Event Notice"), in a form determined by the Trustee to be in accordance with the requirements of the MSRB and the State Depository, if any, or any successor to the National Repository or the MSRB, as the case may be, together with any standard forms or cover sheets that may be required by the MSRB. Each Bond Disclosure Event Notice shall be provided to each holder of Bonded as provided in Sections 4.95 and 12.9 of the Bond Agreement, respectively. The obligation of the Trustee to provide the notice required under this Agreement is in addition to, and in no substitution of, any of the obligations (if any) of the Trustee to provide notice of events of default to Bondholders under Article 19 of the Bond Trust Resolutions. The Trustee shall file a copy of each Bond Disclosure Event Notice with the Trust (for informational purposes only).

(c) The Trustee shall or, if the Trustee has appointed or engaged a Disclosure Agent, shall cause the Disclosure Agent to:

(1) determine each year, prior to the date of providing the Annual Report, the name and address of each National Repository and each State Depository, if any.

(b) by the data specified in Section 2.1(a) hereof, provide a written report to the Trustee (and to a Disclosure Agent if any Disclosure Agent has been appointed to the Trustee) upon such data may rely, certifying that the Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided to each National Repository, stating the data it was provided and listing all of the Repositories to which it was provided.

Section 3.1. Remedies. (a) The Trustee may, in reliance upon the advice of counsel (and at the request of the holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds outstanding, after the provision of indemnity in accordance with Sections 10-05 of the Resolution,
shall, or any Bondholder may, for the equal benefit and protection of all Bondholders similarly situated, take whatever action at law or in equity against the Trust and any of its respective officers, agents and employees necessary or desirable to enforce the specific performance and observance of any obligations, agreement or covenant of the Trust under this Agreement, and may compel the Trust or any of its respective officers, agents and employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the Trust) to perform and carry out its duties under this Agreement, provided that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further, that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the failure to file the Annual Reports and Bond Disbursement Event Notices required by this Agreement, and may not pursue specific performance in challenging the adequacy of Annual Reports that have been filed pursuant to the provisions hereof.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the Trustee, the Trust and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Trust, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) A failure by the Trust to perform its respective obligations under this Agreement shall not be deemed an event of default under either the Resolution or any Trust Loan Agreement, as the case may be, and shall not thereby render this Agreement in the event of any failure by the Trust to comply with this Agreement shall be as set forth in Section 3.1(c) hereof.

Section 4.5. Trust and Bondholders. Each Bondholder is hereby recognized as being a third-party beneficiary hereunder, and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee, to the extent permitted in Section 3.1(b) hereof.

Section 4.6. Amendments, Changes and Modifications. (a) Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Resolution), this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto.

(b) Without the consent of any Bondholders, the Trust, the Trustee and the Master Program Trustee at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to add to the covenants and agreements of the Trust hereunder for the benefit of the Bondholders, or to amend any right or power conferred upon the Trust by this Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the Trust or the Program, to reflect changes in the identity, nature or status of the Trust or the Program or in the business, structure or operations of the Trust or the Program, or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the Trust or the Program, provided, that any such modifications shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity herein, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof, or to include any other provision with respect to matters or questions arising under this Agreement, any of which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the original offering, after taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances;

provided that prior to approving any such amendment or modification, the Trustee, in reliance upon an opinion of Bond Counsel (as defined in the Resolution) to the Trust, determines that such amendment or modification does not adversely affect the interests of the Bondholders in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Agreement that materially affects the interests of the Bondholders, the Trust shall deliver to each of the Bondholders written notice of such amendment or modification.

(d) The Trust, the Trustee and the Master Program Trustee shall be entitled to rely exclusively upon an opinion of Bond Counsel to the Trust to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.6.

Section 4.10. Amendments Required by Rule 15c2-12. The Trust, the Trustee and the Master Program Trustee shall recognize that the provisions of this Agreement are intended to enable compliance with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the preclusion of a successor rule, statute or regulation thereof, a change in this Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the Trust, the Trustee and the Master Program Trustee to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the Trust, the Trustee and the Master Program Trustee shall amend this Agreement to comply with and be bound by any such amendment to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and shall provide written notice of such amendment as required by Section 4.6(c) hereof.

Section 4.11. Commencement and Termination of Continuing Disclosure Obligations. The obligations of the Trust and the Trustee hereunder and the content of the Master Program Trustee set forth in Section 4.6 hereof shall be in full force and effect from the date of issuance of the Bonds, and shall continue in effect until the date either (i) the Bonds are no longer outstanding in accordance with the terms of the Resolution or (ii) the Program no longer remains a material "obligated person" (as the term "obligated person" is defined in Rule 15c2-12) as a result of an interpretation of Rule 15c2-12, and, in either event only after the Trust delivers written notice to each holder of each National Repository or to the Federal Reserve and the State Depository, if any.
APPENDIX F

SECTION 2.01. Material Covenants of Borrower.

(a) [Full Faith and Credit Pledge] ("Pledge") Borrower (unconditionally and irrevocably) pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the irrevocably pledges the Borrower in accordance with the terms of and to the fullest extent provided in the Borrower Bond Resolution, including, without limitation, every power, authority, and ability to perform the Service Agreement and to refrain from the payment of all or any portion of the Purchase or Refinance, as the case may be, of both the Borrower Bond and the Loan, to the Borrower Bond and all other obligations specified in the Loan Agreement and the Borrower Bond Resolution in accordance with their respective terms. The Borrower acknowledges that to ensure the continued operation and promissory notes issued by the New Jersey State Treasurer or other evidence of indebtedness, whether now outstanding or incurred in the future, secured by such Borrower and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the terms of the Loan Agreement, the Borrower shall cause to be made all such payments in respect of the Loan Agreement and the Borrower Bond, and to pay all other amounts payable from time to time by the Borrower to the Loan Agreement and the Borrower Bond, and all other obligations arising thereunder. The Borrower hereby agrees to this Loan Agreement and the Borrower Bond, and all other obligations arising thereunder. The Borrower hereby agrees to this Loan Agreement and the Borrower Bond, and all other obligations arising thereunder.

(b) Performance Other Loan Agreement. The Borrower covenants and agrees (i) to comply with all applicable State and Federal laws, rules and regulations that are applicable to this Loan Agreement, (ii) to maintain its Environmental Infrastructure System in good repair and operating condition, (iii) to cooperate with the Trust in the observance and performance of the respective duties, and (iv) to provide the Trust with such reports and other information as the Trust may reasonably request. The Borrower shall also provide to the Trust or the Trustee, as the case may be, a copy of all notices, letters and other communications received by such Borrower or any other party with respect to any matter in which such Borrower is or may become involved. The Borrower shall also provide to the Trust or the Trustee, as the case may be, a copy of all notices, letters and other communications received by such Borrower or any other party with respect to any matter in which such Borrower is or may become involved.

(c) Borrower Loan Agreement. The Borrower shall not be required to make payments under this Loan Agreement in accordance with the terms of the Borrower Bond Resolution and the Environmental Infrastructure System and that such Borrower or any other party with respect to any matter in which such Borrower is or may become involved.

(d) Completion of Project and Provision of Monies Therefor. The Borrower covenants and agrees (i) to exercise its efforts to ensure that no material environmental or operational practice to complete the Project and to accomplish such completion or before the estimated Project completion date set forth in Exhibit B hereto and made a part hereof, (ii) to comply with the terms and provisions contained in Exhibit C hereto, and (iii) to provide from its own financial resources all moneys, in total of such total amount of proceeds if received under the Loan and Trust Loan, required to complete the Project.

(e) Disposition of Environmental Infrastructure System. The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except as may be necessary or advisable to comply with any applicable law or regulation. The Borrower agrees that no duties, costs or charges. The Borrower shall be treated as the owner of such Environmental Infrastructure System, and that the Trust is the owner of such Environmental Infrastructure System, and the Trust shall be treated as the owner of such Environmental Infrastructure System.

(f) Construction of Environmental Infrastructure System. The Borrower agrees to construct, maintain, and operate its Environmental Infrastructure System, and to furnish the Trust with such reports and other information as the Trust may reasonably request. The Borrower shall also provide to the Trust or the Trustee, as the case may be, a copy of all notices, letters and other communications received by such Borrower or any other party with respect to any matter in which such Borrower is or may become involved.

(g) Collection of Interest from Federal Gross Income and Compliance with Code. The Series 2003A Borrower covenant and agrees that it shall not make any act or omission to take any action that would cause the Trust Bonds or the Trust Bond to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(h) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code. The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code. The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(i) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(j) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(k) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(l) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.

(m) The Borrower shall not take any action or omit to take any action that would cause the Trust Bonds to be treated as "arbitrage bonds" within the meaning of Section 148(f) of the Code.
SECTION 3.02. Disbursement of Loan Proceeds. (a) The Trustee, as the agent of the Trust, shall disburse the amounts on deposit in the Project Loan Account to the Borrower upon receipt of a request therefor executed by the Borrower and approved by the Trust, in a form meeting the requirements of Section 5.02(b) of the Bond Resolution.

(b) The Trust and Trustee shall not be required to disburse any Loan proceeds to the Borrower under this Loan Agreement, unless:

(i) the proceeds of the Trust Bonds shall be available for disbursements, as determined solely by the Borrower;

(ii) in accordance with the "New Jersey Environmental Trust Act," P.L. 1985, c. 329, as amended (N.J.S.A. 19:11B-1) or any law or regulation applicable in the State, the amount needed shall be made available by the Borrower to the Trustee for deposit in the Loan Account;

(iii) the Borrower shall have (a) on hand moneys or (b) a loan approved by the Trustee for the purpose of paying the Trutl.

SECTION 3.03. Allowable Payments. (a) The Borrower shall pay the Loan in installments payable to the Loan Servicer as follows:

(i) the principal of the Loan shall be paid semiannually on August 15, commencing August 1, 2003, in accordance with the schedule set forth in Exhibit A, as adjusted hereunder and made as part hereof; and

(ii) the amount of interest due under this Loan Agreement and to the Loan Servicer shall be paid semiannually on February 1 and August 1, commencing August 1, 2003, as adjusted hereunder and made as part hereof.

(b) The Trustee shall be paid amounts computed in accordance with the Bond Resolution.

(c) In the event that the Borrower fails to pay principal and/or interest when due, or in whole or in part, either on August 1 or February 1, the Trustee shall notify the Borrower of such failure in writing.

SECTION 4.01. Servicing of Trust Loans. The Borrower hereby agrees to pay the Loan Servicer an administrative fee in the amount of $500 per month, as follows:

(i) The Borrower shall pay an administrative fee of $500 per month, as follows:

(ii) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

SECTION 5.01. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles that would require application of the laws of any other jurisdiction.

SECTION 5.02. General Provisions. (a) The provisions of this Loan Agreement shall be controlling in all respects.

(b) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(c) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(d) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(e) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(f) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

SECTION 6.01. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles that would require application of the laws of any other jurisdiction.

SECTION 6.02. General Provisions. (a) The provisions of this Loan Agreement shall be controlling in all respects.

(b) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(c) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(d) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(e) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(f) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

SECTION 7.01. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles that would require application of the laws of any other jurisdiction.

SECTION 7.02. General Provisions. (a) The provisions of this Loan Agreement shall be controlling in all respects.

(b) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(c) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(d) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(e) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(f) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

SECTION 8.01. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles that would require application of the laws of any other jurisdiction.

SECTION 8.02. General Provisions. (a) The provisions of this Loan Agreement shall be controlling in all respects.

(b) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(c) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(d) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(e) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(f) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

SECTION 9.01. Governing Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles that would require application of the laws of any other jurisdiction.

SECTION 9.02. General Provisions. (a) The provisions of this Loan Agreement shall be controlling in all respects.

(b) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(c) The provisions of this Loan Agreement shall be binding on the Borrower and the Trustee.

(d) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(e) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:

(f) In the event that the Borrower fails to pay principal and/or interest when due, the administrative fee shall be increased to $500 per month, as follows:
and any such payment made to the Loan Servicer shall fulfill the Borrower’s obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment of principal and interest shall be applied first to the Interest Portion to the extent available, then to the principal of the Loan and the Bond, as the case may be, to the extent available, in the Administrative Fee, to the extent available, to the payment of any late charges incurred hereunder, and finally, to the extent available, to any other payments required under this Loan Agreement.

SECTION 5.04. Unconditional Obligations. The (direct, general) obligations of the Borrower to make the Loan Repayments and all other payments required under the Loan Agreement and the Borrower Bond for the performance of its duties, covenants, obligations and agreements as set forth herein shall be absolute and unconditional, and shall not be affected, rendered unenforceable, voided, determined, postponed or otherwise modified in any manner or to any extent whatsoever while any of the Loan Bonds remain outstanding or while the Loan Servicer remains in effect under this Loan Agreement. Any such determination, event or occurrence whatsoever (including, without limitation) any acts or omissions on the part of any person, event, happening, condition or occurrence that such determination, event or occurrence may be declared by a court of competent jurisdiction or by the Loan Servicer or any other person to have been invalid, ineffective, unenforceable or in any manner whatsoever, and whether or not any such invalidity, ineffectiveness, unenforceability or invalidity is found to have had any effect on the Loan Bonds, shall not release the Borrower from any obligation hereunder, nor shall such determination, event or occurrence affect the priority or any Trust Bond’s lien or security interest in any manner whatsoever. The Borrower shall be liable for any such determination, event or occurrence whether or not the Loan or the Loan Bonds are then outstanding and the Loan Servicer shall continue in effect.

The Trust shall retain the right to compel or otherwise enforce performance and satisfaction of the Borrower’s duties, covenants, obligations and agreements hereunder and to take any action that any such determination, event or occurrence, or any act or omission by the Borrower hereunder may require or that any such determination, event or occurrence may be declared by a court of competent jurisdiction or by any other person to have been invalid, ineffective, unenforceable or in any manner whatsoever. The Borrower shall be liable for any such determination, event or occurrence whether or not the Loan or the Loan Bonds are then outstanding or the Loan Servicer shall continue in effect.

SECTION 5.05. Loan Agreement to Survive Bond Resolution and Trust Bonds. The Series 2003A Loan Agreement shall continue to be in full force and effect and shall survive any powers, including, but not limited to, the dissolution, liquidation or winding up of the Borrower or any other party to the Loan Agreement, including any such event as may result from the adoption of a plan of reorganization in bankruptcy or under the Bankruptcy Code. Any determination, event or occurrence whether or not the Loan or the Loan Bonds are then outstanding or the Loan Servicer shall continue in effect, shall not affect the rights of the Borrower hereunder, nor shall such determination, event or occurrence affect the priority or any Trust Bond’s lien or security interest in any manner whatsoever. The Borrower shall be liable for any such determination, event or occurrence whether or not the Loan or the Loan Bonds are then outstanding or the Loan Servicer shall continue in effect.

SECTION 6.01. Options to Prepay Loan Repayments. The Borrower may prepay the Loan Repayments, in whole or in part (but in part, in the amount of $100,000 or any integral multiple thereof, in the case of any portion of the Loan Repayment or any additional administrative fee payable under this Loan Agreement), upon a written notice to the Trustee made during the Loan Agreement period, in accordance with the provisions of this Loan Agreement and the Bond Resolution. The amount of all such prepayments shall be determined by the Loan Servicer and, upon notice to the Borrower, shall be deemed to be made if the following requirements are satisfied:

(a) The Borrower hereby approves and consents to any assignment or transfer of the Loan Agreement and the Borrower Bond to any Person in accordance with the requirements of this Loan Agreement and the Bond Resolution, provided that any Person so designated as to whom any or all of such rights shall be assigned or transferred shall be a Qualified Investor and any such assignment or transfer shall be made pursuant to an agreement in writing which provides for the payment of reasonable fees, including attorney’s fees and any other reasonable expenses in connection therewith, to the person in forfait of such assignment or transfer.

(b) The Borrower hereby approves and consents to any assignment or transfer of the Loan Agreement and the Borrower Bond to any Person in accordance with the requirements of this Loan Agreement and the Bond Resolution, provided that any Person so designated as to whom any or all of such rights shall be assigned or transferred shall be a Qualified Investor and any such assignment or transfer shall be made pursuant to an agreement in writing which provides for the payment of reasonable fees, including attorney’s fees and any other reasonable expenses in connection therewith, to the person in forfait of such assignment or transfer.

(c) The Borrower hereby approves and consents to any assignment or transfer of the Loan Agreement and the Borrower Bond to any Person in accordance with the requirements of this Loan Agreement and the Bond Resolution, provided that any Person so designated as to whom any or all of such rights shall be assigned or transferred shall be a Qualified Investor and any such assignment or transfer shall be made pursuant to an agreement in writing which provides for the payment of reasonable fees, including attorney’s fees and any other reasonable expenses in connection therewith, to the person in forfait of such assignment or transfer.

(d) The Borrower hereby approves and consents to any assignment or transfer of the Loan Agreement and the Borrower Bond to any Person in accordance with the requirements of this Loan Agreement and the Bond Resolution, provided that any Person so designated as to whom any or all of such rights shall be assigned or transferred shall be a Qualified Investor and any such assignment or transfer shall be made pursuant to an agreement in writing which provides for the payment of reasonable fees, including attorney’s fees and any other reasonable expenses in connection therewith, to the person in forfait of such assignment or transfer.

(e) The Borrower hereby approves and consents to any assignment or transfer of the Loan Agreement and the Borrower Bond to any Person in accordance with the requirements of this Loan Agreement and the Bond Resolution, provided that any Person so designated as to whom any or all of such rights shall be assigned or transferred shall be a Qualified Investor and any such assignment or transfer shall be made pursuant to an agreement in writing which provides for the payment of reasonable fees, including attorney’s fees and any other reasonable expenses in connection therewith, to the person in forfait of such assignment or transfer.
shall determine to be necessary, desirable or convenient for the purpose of satisfying Rule 15c2-12 and the purpose and intent thereof as Rule 15c2-12. Its purpose and intent may therefore be interpreted from time to time by the SEC or any court of competent jurisdiction, and such amendment, supplement or modification shall not require the consent of the Borrower, the Trustee, any Bond Issuer or any holders of the Trust Bonds.

**Summary of the Continuing Disclosure Agreement**

The following are excerpts of certain provisions of the form of the Continuing Disclosure Agreement, which form is attached to each Series 2003 Trust Loan Agreement and made a part thereof. Unless otherwise indicated by the bracketed language set forth herein (which highlights the variations between certain provisions of the form of the Continuing Disclosure Agreement relevant for the Special Obligation Series 2003 Borrowers and the corresponding provisions thereof relevant for the General Obligation Series 2003 Borrowers), this summary applies equally to all other parties to each of the Special Obligation Series 2003 Borrowers and the General Obligation Series 2003 Borrowers. These excerpts are not to be considered a full statement of the terms of the form of the Continuing Disclosure Agreement and, accordingly, are qualified by reference thereto and are subject to the full text thereof.

A copy of the Continuing Disclosure Agreement may be obtained from the Trust upon request. The text references listed below and the beginning of each excerpt reference particular sections of the Continuing Disclosure Agreement.

Section 1.1. Additional Definitions. The following additional terms shall have the meanings specified below:

- "Annual Report" means Financial Statements and Operating Data provided at least annually with respect to the Local Unit (and the Underlying Government Unit).
- "Bond Disclosure Event" means any event described in Section 2.4(a) of this Agreement.
- "Bond Disclosure Event Notice" means the notice to the Trust as provided in Section 2.4(b) of this Agreement.
- "MSRB" means the Municipal Securities Rulemaking Board.
- "National Repository" means a "nationally recognized municipal securities information repository" within the meaning of Rule 15c2-12. As of the date of this Agreement, the National Repository is an electronic repository designated by the SEC in accordance with Rule 15c2-12.
- "OCCRA" means any other comprehensive basis of accounting in effect from time to time in the States, consistently applied. This basis of accounting is designed primarily for determining compliance with legal provisions and regulatory restrictions and for purposes of reporting to the shareholders of public officials with respect to public funds and as a comprehensive basis of accounting other than generally accepted accounting principles.
- "Operating Data" means certain financial and statistical information of the Local Unit (and the Underlying Government Unit), which purposes of this Agreement shall include the financial and statistical information, a copy of which is attached hereto as Exhibit A.
- "Repository" means each National Repository and each State Depository, if any.
- "Rule 15c2-12" means the rule promulgated pursuant to the Securities Exchange Act of 1934 and codified at 17 C.F.R. § 240.15c2-12, as the same may be further amended and supplemented from time to time or any successor provision thereof.
- "State Depository" means any public or private repository or entity designated by the States as a state information depository for purposes of Rule 15c2-12. As of the date of this Agreement, there is no State Depository.
- "Underlying Government Unit" means [Name of Underlying Local Unit], which has entered into a service agreement with the Local Unit.

Section 2.1. Continuing Disclosure Documents of Local Unit. The Local Unit agrees that it will provide to, or if the Local Unit has appointed or engaged a Disclosure Agent, shall cause the Disclosure Agent to provide:

- Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the first Fiscal Year of the Local Unit ending after January 1, (YEAR) (which is currently scheduled to end on [DATE]), an Annual Report to each Repository and to the Trust, provided that (with respect to the Financial Statements):
  - The audited financial statements of the Local Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the Financial Statements of the Local Unit are not available by that date, but only if the unaudited financial statements of the Local Unit are included in the Annual Report;
  - The audited financial statements of the Underlying Government Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the Fiscal Year of the Underlying Government Unit does not coincide with the Fiscal Year of the Local Unit, provided that the audited financial statements of the Underlying Government Unit are submitted no later than two hundred twenty-five (225) days after the end of such Fiscal Year, except as provided in clause (g) below, and
  - The audited financial statements of the Underlying Government Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the audited financial statements of the Underlying Government Unit if the unaudited financial statements of the Underlying Government Unit are not available by that date, but only if the unaudited financial statements of the Underlying Government Unit are provided on the date required herein for the filing of the audited financial statements of the Underlying Government Unit;
  - Not later than fifteen (15) days prior to the date of each Fiscal Year specified in Section 2.1(a) hereof, a copy of the Annual Report, completed in the form required in Section 2.1(a) hereof, to the Trustee, and the Disclosure Agent (if the Local Unit has appointed or engaged a Disclosure Agent).

* In a timely manner, to the Trustee, notice of any of the following events with respect to the Local Unit Bond (each a "Local Unit Bond Disclosure Event") if material:
  - Principal and interest payment deficiencies;
  - Non-payment related defaults;
  - Unscheduled draw on debt service reserve reflecting financial difficulties;
  - Unscheduled draw on credit enhancements reflecting financial difficulties;
  - Substitution of credit or liquidity providers or their failure to perform;
  - Adverse tax opinions or events affecting the tax-exempt status of the Local Unit Bond;
  - Modifications to the rights of the holders of the Local Unit Bond;
  - Local Unit Bond calls (other than regularly scheduled mandatory sinking fund redemptions for which notice of redemption has been given to the holders of the Local Unit Bond as required pursuant to the provisions of the resolution, ordinance or agreement of the Local Unit pursuant to which the Local Unit Bond was created);
  - Defaults;
  - Release, assignment or sale of property securing repayment of the Local Unit Bond; and
Section 2.2. Authorizing Disclosure of Local Unit. The Local Unit represents and warrants that:

(a) Financial Statements shall be prepared according to GAAP or OCOGA, as the case may be;

(b) Financial Statements shall be audited by an independent certified public accountant or a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAP or any other requirements prescribed by the Division of Local Government Services in the Department of Community Affairs of the State, as the case may be.

Section 2.4. Responsibilities and Duties of Local Unit, Dissemination Agent and Trustee. If, before the date specified in Section 2.3(a) hereof the Trustee has not received a copy of the Annual Report, complete to the extent required in Section 2.3(a) hereof, the Trustee shall compel the Local Unit to provide notice of the Local Unit's obligations pursuant to Sections 2.1(b) and 2.4(a) hereof.

(b) If the Trustee, by the date specified in Section 2.3(a) hereof, has not received a written report from the Local Unit, as required by Section 2.4(a) hereof, indicating that an Annual Report, complete to the extent required in Section 2.3(a) hereof, has been provided to the Dissemination Agent and Trustee by the date specified in Section 2.1(a) hereof, the Trustee shall serve a notice to each National Repository or to the MSRB and the State Depository, if any, in substantially the form attached hereto as Exhibit B together with any standard forms or cover sheets that may be required by the MSRB as of the date, with a copy thereof to the Trust and the Local Unit.

(c) If the Local Unit has determined that the occurrence of a Local Unit Bond Event of Default would be material, the Local Unit or the Dissemination Agent (if one has been appointed or engaged by the Local Unit) shall file promptly a notice of such occurrence with the Trust (the "Local Unit Bond Event Disclosure Notice") in a form determined by the Local Unit, provided, that the Local Unit Bond Event Disclosure Notice containing the occurrence of a Local Unit Bond Event described in Section 2.5(a)(1)(ii) (Local Unit Bond Event (defeasance) hereinafter need not be given under this Section 2.6 or any similar time when the notice of any (if any) of such Local Unit Bond Event Disclosure Event shall be otherwise required to be given to the holder of the Local Unit Bond as required in any resolution, ordinance or agreement of the Local Unit.

(d) The Local Unit shall, if the Local Unit has appointed or engaged a Dissemination Agent, cause the Dissemination Agent to:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository or each State Depository, if any, and

(ii) by the date specified in Section 2.3(a) hereof, provide a written report to the Trustee and the Trust and, if a Dissemination Agent has been appointed by the Local Unit, each of which said parties may rely, certifying that the Annual Report, complete to the extent required in Section 2.3(a) hereof, has been provided pursuant to this Agreement, listing the date it was provided and listing all of the repositories to which it was provided.

Section 2.6. Responsibilities and Duties of Trustee. (a) The Trustee agrees that it will provide, in a timely manner, to each National Repository or to the MSRB and the State Depository, if any, notice of all of the following events with respect to Bonds (each, a "Bond Disclosure Event"). If material, with a copy of such notice to the Trustee and the Local Unit (for informational purposes only):

(i) Principal and interest payment deficiencies;

(ii) Non-payment related defaults;

(iii) Undisclosed draws on debt service reserves reflecting financial difficulties;

(iv) Undisclosed draws on credit enhancement reflecting financial difficulties;

(v) Substitution of surety or liquidity providers or their failure to perform;

(vi) Advances tax obligations or events affecting the tax exempt status of the Series 2003A Bonds;

(vii) Modifications to the rights of the Holders of Bonds;

(viii) Bond calls (other than regularly scheduled mandatory refund redemptions for which notice of redemption has been given to the Holders as required pursuant to the provisions of the Resolutions);

(ix) Defaults;

(x) Release, substitution or sale of property securing repayment of the Bonds; and

(xi) Rating changes.

(b) If the Trustee has determined that the occurrence of a Bond Disclosure Event would be material, the Trustee shall file promptly a notice of such occurrence with each National Repository or with the MSRB and the State Depository, if any, the Bond Disclosure Event Notice containing the occurrence of a Bond Disclosure Event described in Section 2.6(a)(i) (Bond calls) or 2.6(a)(ii) (default) hereinafter need not be given under this Section 2.6 and any similar time when the notice of any (if any) of such Local Unit Bond Event Disclosure Event shall be otherwise required to be given to the holder of the Local Unit Bond as required in any resolution, ordinance or agreement of the Local Unit.

Section 3.1. Remedies. (a) The Trustee may, in reliance upon the advice of counsel (and at the reasonable expense of the Trustee) and without the protection of the indemnity, in aggregate principal amount of outstanding Bonds, after the provision of indemnity in accordance with Section 10.05 hereof, shall, or any Bondholder may, for the equal benefit and protection of all Bondholders severally, take whatever action at law or in equity against the Local Unit or the Trust or any of their respective officers, agents and employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the Local Unit) to perform and carry out their duties under this Agreement, provided that no person or entity shall be entitled to receive monetary damages for breach under any circumstances; and provided, further, that any Bondholder, acting for the equal benefit and protection of all Bondholders severally, may, in its discretion, take any and all such actions, civil or criminal, in any court of competent jurisdiction, to enforce the terms of this Agreement, provided that any such action shall be in the name and for the benefit of the Local Unit or the Trust.

Section 4.10. Amendments Required

(a) Amendments. The Trustee, the Local Unit, and the Holders shall have the right, with or without the consent of any Bondholder or the Holders, to amend this Agreement to the extent that such amendment is reasonable and in the best interests of the Holders of Bonds.

(b) Amendments. The Trustee, the Local Unit, and the Holders shall have the right, with or without the consent of any Bondholder, to amend this Agreement as follows:

(i) to apply to the terms of this Agreement any provisions which may be added to or substituted for any one or more of the following:

(A) the definition of "Bond";

(B) the definition of "Event of Default";

(ii) to all of the covenants and agreements of the Local Unit or the Trust hereunder for the benefit of the Holders of Bonds or to amend any rights or powers conferred upon the Local Unit or the Trust by this Agreement;

(iii) to modify the conduct, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the Local Unit, to reflect changes in the identity, name or status of the Local Unit or of the Trust, or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the Local Unit;

(iv) to provide, that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(v) to correct any ambiguity herein, to correct or supplement any provisions hereof that may be inconsistent with any other provision hereof or to include any other provisions with respect to matters or provisions required by this Agreement or to make this Agreement more convenient for the use of the Holders of Bonds.

Section 4.11. Termination of Continuing Disclosure Obligations. (a) The obligations of the Local Unit hereunder shall be in full force and effect from the date of issuance of the Bonds and shall continue in effect until the date the Local Unit no longer is a "local government obligated person" (as such term is defined in Rule 15c2-12, with materially being determined by the Trustee in its sole discretion pursuant to the Securities Act of 1933, the Trustee Agreement and any applicable state securities laws as they may be promulgated by the Department of Community Affairs pursuant to the Resolutions, the Trustee Agreement or the MSRB and the State Depository, if any). In any event, only after the Trustee delivers written notice to each National Repository or to the MSRB and the State Depository, if any.

(b) The obligations of the Trustee hereunder shall be in full force and effect from the date of issuance of the Bonds and shall continue in effect until the date the Bonds are no longer outstanding in accordance with the terms of the Resolutions, and only after the Trustee delivers written notice to each National Repository or to the MSRB and the State Depository, if any.
SUMMARY OF THE SERIES 2003 FUND LOAN AGREEMENTS

The following are excerpts of certain provisions of the Fund Loan Agreements executed in connection with the Fund Loans paid to (i) those Borrowers that are municipalities (the "General Obligation Fund Loan Agreements") and (ii) those Borrowers that are municipal, county or regional utilities, sewerage, solid waste disposal or improvement authorities (the "Special Obligation Fund Loan Agreements"). Unless otherwise indicated, the bracketed language set forth in italics highlights the differences between certain corresponding provisions of the General Obligation Fund Loan Agreements and the Special Obligation Fund Loan Agreements, these differences apply equally to both series of Loan Agreements relating to the Series 2003 Financing Program and other Coverage Providing Financing Programs. Excerpts on this page are presented in italics (and are followed in the next two pages as follows: General Obligation Fund Loan Agreements and Special Obligation Fund Loan Agreements). In addition, the terms in the text herein have been defined as follows (General Obligation Fund Loan Agreement) and (Special Obligation Fund Loan Agreement). In addition, all references to statute and case law cited herein shall be to the New Jersey Revised Statutes and New Jersey Court decisions, respectively.

Agreements relating to the Bond Resolution and the SUMMARY OF THE SERIES 2003 TRUST LOAN AGREEMENTS. A copy of the General Obligation Fund Loan Agreements and the Special Obligation Fund Loan Agreements relating to the Series 2003 Financing Program and other Coverage Providing Financing Programs may be obtained from the Trust upon request. The section references listed below at the beginning of each excerpt refer to particular sections of the General Obligation Fund Loan Agreements, which, unless otherwise noted, also correspond to the Special Obligation Fund Loan Agreements.

SECTION 1.04. Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

"Administrative Fee" means an annual fee of up to one percent (1.0%) of the initial principal amount of the Loan or such lesser amount, if any, as may be authorized by any act of New Jersey State Legislature and as the State may approve from time to time.

"(B) Act" means, as applicable, (i) the Marine Protection, Research and Sanitation Act of 1972, P.L. 1972, c. 27, as amended and supplemented, (ii) the Water Supply Act of 1981, P.L. 1981, c. 761, as the same may from time to time be amended and supplemented, (iii) the New Jersey Environmental Infrastructure Trust Act, P.L. 1989, c. 329, as the same may from time to time be amended and supplemented, (iv) the Stormwater Management and Combined Sewer Overflow Abatement Act of 1989, P.L. 1989, c. 181, as the same may from time to time be amended and supplemented, and (v) the Green Acres Preservation Act of 1992, P.L. 1992, c. 88, as the same may from time to time be amended and supplemented.

"(CWSRF) Loan" means that portion of the Loan made by the State from the bond program established pursuant to the Water Quality Act of 1984 to finance wastewater treatment and stormwater management facilities to finance the cost of improvements to the Environment Infrastructure System.

"(D)WERSF Loan" means that portion of the Loan made by the State from the loan program established pursuant to the Water Quality Act of 1984 to finance wastewater treatment facilities to finance the cost of improvements to the Environment Infrastructure System.

"Excess Charges" means, pari passu with the Borrower Bond under the Borrower Bond Resolution, and (iii) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution, and (iv) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution, and (v) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution, and (vi) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution.

2.02. Particular Features. The Borrower shall not use any portion of the Loan made by the State from the loan program established pursuant to the Water Quality Act of 1984 to finance wastewater treatment facilities to finance the cost of improvements to the Environment Infrastructure System, and will be true and correct of any pledge, lien, charge or encumbrance therein or with respect thereto prior to, or as an equal rank with, the obligation of the Borrower to make Loan repayments under this Loan Agreement and the Borrower Bond, and all covenants and other actions on the part of the Borrower to be done and have been and will be duly and validly taken.

Completion of Project and Provision of Monies Therefor. The Borrower covenants and agrees (i) to exercise the best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such construction as is before the estimated Project completion date set forth in Exhibit C hereto and made a part hereof, (ii) to comply with the terms and provisions contained in Exhibit C hereto, and (iii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System, except on monies (0) due prior to the first date on which the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and (ii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System. except on monies (0) due prior to the first date on which the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and (ii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System. except on monies (0) due prior to the first date on which the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and (ii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System. except on monies (0) due prior to the first date on which the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and (ii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System. except on monies (0) due prior to the first date on which the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and (ii) to provide for the purchase or lease of the Environmental Infrastructure System, and such purchase or lease shall assume all claims, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond, that in any event shall be funded from the proceeds of the Bond Loans, the State shall by appropriate action determine its interest in such lease, sale, abandon and other disposition of such Environmental Infrastructure System.
with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-1(b).

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to pay any Cost of the Borrower's Project in an efficient manner, which means any use of the proceeds for or in connection with the Borrower's Project in a manner that would cause the State Bonds to be considered "structurally淨ized" within the meaning of Section 149(d) of the Code or "debt service bonds" within the meaning of Section 149(d) of the Code.

(vi) The Borrower shall not use the proceeds of the State Bonds (assuming solely for this purpose that the proceeds of the State Bonds are all of the proceeds of the State Bonds) in any manner that would cause the State Bonds to be considered "federally questioned" within the meaning of Section 149(d) of the Code or "federally taxable bonds" within the meaning of Section 149(d) of the Code.

(vii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as all the State Bonds and finance or assist in the Loan made to the Borrower, (B) are sold at substantially the same time as any of the State Bonds and finance or assist in the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the State Bonds and finance or assist in the Loan made to the Borrower.

(viii) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations §1.150-1) shall purchase State Bonds as an amount related to the amount of the Loan.

(ix) The Borrower will not issue or permit to be issued debt obligations that will constitute an "advance refunding" of the Borrower Bond within the meaning of Section 144(f)(3) of the Code without the express written consent of the State, which consent may only be delivered by the State after the State has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent will be recorded and in the sole discretion of the State.

(x) The Borrower will not issue or permit to be issued debt obligations that (A) are sold at substantially the same time as the State Bonds and finance or assist in the Loan made to the Borrower, (B) are sold at substantially the same time as any of the State Bonds and finance or assist in the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the State Bonds and finance or assist in the Loan made to the Borrower.

(xi) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations §1.150-1) shall purchase State Bonds as an amount related to the amount of the Loan.

(xii) The Borrower will not issue or permit to be issued debt obligations that will constitute an "advance refunding" of the Borrower Bond within the meaning of Section 144(f)(3) of the Code without the express written consent of the State, which consent may only be delivered by the State after the State has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent will be recorded and in the sole discretion of the State.
shall be deemed to be a charge against the corresponding obligations of the Borrower under this Section 3.03, and any such payment made to the Loan Servicer shall exhibit the Borrower's obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to the Loan Servicer pursuant to this Section 3.03 shall be applied to the principal of the Loan.

(b) In addition to the principal payments on the Loan required by subsection (a) of this Section 3.03, the Borrower shall pay a late charge for any such payment that is received by the Loan Servicer later than the fifth (5th) day following the due date in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to the date actually paid, provided, however, that such late charge payable on the Loan shall not be in excess of the maximum interest rate permitted by law.

(c) In the event that the Borrower fails or is unable to pay promptly to the State in full any Loan Repayment when due, the Borrower shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement, and any such measures shall be made by the Loan Servicer to the Borrower's obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment made to the Loan Servicer shall be applied as follows:

1. To the Loan Servicer one-half of the Administrative Fee, if any, to the Loan Servicer (non-recurring on February 1 and August 1, commencing 2001, or any such date as the State shall determine, during the term of the Loan).

SECTION 3.04. Unconditional Obligations. The direct, general obligation of the Borrower to make the Loan Repayments and all other payments required hereunder and the obligation to perform and observe the other terms, covenants, obligations and agreements on its part contained herein, shall be absolute and unconditional, and shall not be abated, revoked, set-off, reduced, regulated or ascertained, waived, modified, supplemented or otherwise modified in any manner or to any extent whatsoever while any Loan Repayments remain unpaid. If all such payments are not made when due, including, without limitation) any acts or omissions that may constitute failure of consideration, execution or constructive eviction, the taking of any deposit or diminution of or destruction of the State or Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the form of the United States or the State of New Jersey or any political subdivision of either in the form or regulations of any governmental authority, any failure of the State to perform or observe any agreement, whether express or implied, any day, irrespective of any default or failure of the Loan Servicer or otherwise with respect to the terms of this Loan Agreement or any other agreement connected with the Project or this Loan Agreement, or any rights of set-off, rescission, abatement or cancellation that the Borrower or any other person, entity or governmental authority, might have against the State, the Loan Servicer or any other person or entity, provided, however, that payments hereunder do not constitute a waiver of any of the covenants, obligations and agreements hereunder.

(d) Neither the Borrower shall be obligated to make any payments required to be made by any other Borrowers under similar Loan Agreements.

SECTION 3.05. Option to Prepay Loan Repayments. The Borrower may prepay the Loan Repayments, in whole or in part, upon not less than thirty (30) days' prior written notice to the State provided, however, that any such full or partial prepayment may only be made if (a) the Borrower is not in default under its Loan, or (b) if the Borrower is contemporaneously making a full or partial prepayment of the Trust Loan such that, after the prepayment of the Loan and the Trust Loan, the Trust agree to consent under Section 3.05(b) of the Trust Loan Agreement, and (iii) upon the prior written approval of the State. Prepayments shall be applied to the principal payments on the portion of the Loan to be prepaid in inverse order of their maturity.

SECTION 3.06. Priority of Loan and Trust Loan. (a) The Borrower hereby agrees that, to the extent allowed by law, including, without limitation, the appropriations set by the New Jersey State Legislature authorizing the expenditure of Trust proceeds to finance a portion of the Cost of the Project, the Borrower Bond Fund is prior to any loan repayments and any interest thereon on the Borrower Trust Loan, including, without limitation, any administrative fees and any late payment charges that become due and payable under the Trust Loan Agreement, shall be satisfied by the Borrower before any Loan Repayments and any interest thereon on the Loan shall be satisfied by the Borrower.

(b) The Borrower hereby acknowledges that in the event the Borrower fails or is unable to pay promptly to the Trust in full any loan repayments on the Trust Loan, then any Loan Repayments paid by the Borrower on the Loan under this Loan Agreement and received by the Loan Servicer during the time of any such loan repayment deficiency under the Trust Loan Agreement shall be applied by the Loan Servicer to satisfy such Loan Trust Loan repayment deficiency as a credit against the obligations of the Borrower to make loan repayments of that portion of interest under the Trust Loan Agreement that is allocable to the interest payable on the Trust Bonds (as defined in the Trust Loan Agreement) and to make payments of the portion of interest under the bond issued by the Borrower to the Trust that is allocable to the interest payable on the Trust Bonds, second, to the extent available, to make loan repayments of principal under the Trust Loan Agreement and payments of principal on the bond issued by the Borrower to the Trust pursuant to the Trust Loan Agreement, third, to the extent available, to the payment of late charges payable under the Trust Loan Agreement and to make payments of that portion of interest under the bond issued by the Borrower to the Trust that is allocable to the late charges payable under the Trust Loan Agreement, and, finally, to the extent available, to make Loan Repayments on the Loan.

(c) The Borrower hereby further acknowledges that any Loan Repayments paid by the Borrower on the Loan under this Loan Agreement shall be applied (1) according to Section 5.05 of the Loan Servicing and Trust Indenture Security Agreement (as defined in the definition of Loan Servicer) and (2) according to the provisions of the Master Program Trust Agreement.

SECTION 3.09. Approval of the New Jersey State Treasurer. The Borrower and the Trust hereby acknowledge that prior to or simultaneously with the Loan Closing, the New Jersey State Treasurer, in satisfaction of the requirements of the New Jersey State Treasury and to satisfy the conditions established by the New Jersey State Treasurer regarding the Approval of the Trust Loan and the Fund Loan (the "Trustee's Certificates"), pursuant to the terms of the Trustee's Certificates, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.

SECTION 4.01. Assignment and Transfer by State. The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that does not require the consent of the Borrower or the State to be necessary in connection with the environmental infrastructure loan program of the State.
APPENDIX G

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP,
BOND COUNSEL TO THE TRUST, REGARDING THE SERIES 2003 BONDS
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Re: New Jersey Environmental Infrastructure Trust
Environmental Infrastructure Bonds, Series 2003A

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 6, Suite 201
Lawrenceville, New Jersey 08648

Dear Members:

We have acted as Bond Counsel to the New Jersey Environmental Infrastructure Trust (the “Trust”), a public body corporate and politic under the laws of the State of New Jersey (the “State”), created pursuant to the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State, as amended and supplemented (the “Act”), in connection with the issuance by the Trust of its $66,420,000 aggregate principal amount of “Environmental Infrastructure Bonds, Series 2003A” (the “Series 2003 Bonds”). The Series 2003 Bonds are being issued under and pursuant to (i) the Act, (ii) a bond resolution of the Trust adopted on September 15, 2003 and entitled “Environmental Infrastructure Bond Resolution, Series 2003A”, as the same may be amended from time to time in accordance with the terms thereof (the “Series 2003 Resolution”), and (iii) other applicable law. Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Series 2003 Resolution.

The Series 2003 Bonds are issued for the purpose of providing loan financing or refinancing for certain costs of environmental infrastructure projects undertaken by various New Jersey local government units (collectively, the “Series 2003 Borrowers”). Each Series 2003 Borrower has executed a loan agreement with the Trust, dated as of November 1, 2003, as the same may be amended from time to time in accordance with the terms thereof (each a “Series 2003 Loan Agreement”), and the loan repayments due thereunder are pledged as security for the Series 2003 Bonds. Additional security for the Series 2003 Bonds is provided by, *inter alia*, the Coverage Providing Financing Programs, as defined in and pursuant to the Master Program Trust Agreement, dated as of November 1, 1995 (the “Master Program Trust Agreement”), by and among the Trust, the State, United States Trust Company of New York, as original master
program trustee thereunder (the "Original Master Program Trustee"), The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to Wachovia Bank, National Association), in several capacities thereunder, and as acknowledged and consented to by AMBAC Indemnity Corporation, Financial Guaranty Insurance Company and MBIA Insurance Corporation, as the same may be amended from time to time in accordance with the terms thereof. In accordance with that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the "Master Program Trustee") as of November 1, 2001.

The Trust reserves the right to issue Additional Bonds pursuant to the Series 2003 Resolution for the purpose of refunding Outstanding Bonds on the conditions stated in the Series 2003 Resolution. As provided in the Series 2003 Resolution, any such Additional Bonds may be secured equally as to security and payment with the Series 2003 Bonds.

Simultaneously with the issuance of the Series 2003 Bonds, the Trust, the Trustee (as hereinafter defined) and the Master Program Trustee have entered into that certain "Trust Continuing Disclosure Agreement", dated as of November 1, 2003 (the "Continuing Disclosure Agreement"; the Series 2003 Loan Agreements, the Master Program Trust Agreement and the Continuing Disclosure Agreement shall be referred to collectively herein as the "Trust Documents"), relating to the Series 2003 Bonds.

The Series 2003 Bonds are dated and shall bear interest from October 15, 2003, and will mature on September 1 in the years and in the principal amounts and bear interest at the respective rates per annum as provided therein and in the Series 2003 Resolution.

Interest on the Series 2003 Bonds is payable on March 1 and September 1 in each year, commencing September 1, 2004, by check or draft mailed by or, so long as DTC (as hereinafter defined) or its nominee is the registered owner of all of the Series 2003 Bonds, by wire sent by Wachovia Bank, National Association, f/k/a First Union National Bank, Morristown, New Jersey (the "Trustee"). Principal of the Series 2003 Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee.

The Series 2003 Bonds are issued in fully registered form, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Series 2003 Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 each or any whole multiple thereof. So long as DTC or its nominee is the registered owner of the Series 2003 Bonds, payments of the principal of and interest on the Series 2003 Bonds will be made by the Trustee directly to Cede & Co., as
nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC, and disbursal of such payments to the beneficial owners of the Series 2003 Bonds is the responsibility of the DTC participants.

The Series 2003 Bonds maturing on or before September 1, 2012 will not be subject to redemption prior to their respective stated maturity dates. The Series 2003 Bonds maturing on or after September 1, 2013 will be subject to redemption prior to their respective stated maturity dates on or after September 1, 2012, at the option of the Trust upon the terms set forth in the Series 2003 Bond Resolution, either in whole on any date or in part, by lot within a maturity from maturities to be selected by the Trust, on any Interest Payment Date, upon the payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption.

The Series 2003 Bonds due September 1, 2023 are subject to mandatory sinking fund redemption prior to their stated maturity upon surrender thereof and through selection by lot by the Trustee upon giving notice as provided in the Series 2003 Resolution.

In our capacity as Bond Counsel to the Trust, we have examined the Constitution and statutes of the State, including the Act, and such documents, records of the Trust and other instruments as we have deemed necessary to enable us to express the opinions set forth below, including, without limitation, original counterparts or certified copies of the Series 2003 Resolution, the Trust Documents and the other documents listed in the closing memorandum relating to the Series 2003 Bonds filed with the Trustee. As to matters of fact, we have relied upon the representations of the Trust and, where we have deemed appropriate, representations or other certifications of public officials. Further, in expressing such opinions, we have relied upon the genuineness, truthfulness and completeness of the resolutions, documents, records and instruments referred to above.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance and delivery of the Series 2003 Bonds in order to assure that interest on the Series 2003 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. In the “Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended” (the “Series 2003 Tax Certificate”), which is being delivered by the Trust on the date hereof in connection with the issuance of the Series 2003 Bonds (but which does not constitute a covenant under the Series 2003 Resolution), the Trust represents that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Series 2003 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as currently in force, interest on the Series 2003 Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. The Series 2003 Borrowers have covenanted not to take any action or fail to take any action that would cause interest on the Series 2003 Bonds to lose the exclusion from gross income under Section 103 of
the Code or that would cause the Series 2003 Bonds to be “private activity bonds” as defined in Section 141(a) of the Code so as to cause interest on the Series 2003 Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed, with your permission, continuing compliance by the Trust with the provisions and procedures set forth in the Series 2003 Tax Certificate and by the Series 2003 Borrowers with the above covenants in rendering our opinion with respect to the exclusion of interest on the Series 2003 Bonds from gross income for federal income tax purposes and with respect to interest on the Series 2003 Bonds not constituting an item of tax preference.

Based upon and subject to the foregoing and, with your permission, the further assumptions and qualifications set forth below, it is our opinion that:

1. The Trust has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and statutes of the State, including the Act, with power to adopt the Series 2003 Resolution, to enter into the Trust Documents and to issue the Series 2003 Bonds.

2. The Series 2003 Resolution has been duly and lawfully adopted by the Trust, is in full force and effect, is valid and binding upon the Trust and is enforceable against the Trust in accordance with its terms, and no other authorization for the Series 2003 Resolution is required. The Series 2003 Resolution creates the valid pledge that it purports to create of the Trust Estate, including payments made to the Trust pursuant to the Series 2003 Loan Agreements. The Master Program Trust Agreement creates the valid pledge that it purports to create of the moneys and securities on deposit in the Master Program Trust Account (as defined therein) (and all subaccounts therein) to the extent and for the purposes set forth in the Master Program Trust Agreement.

3. The Trust is duly authorized and entitled to issue the Series 2003 Bonds. The Series 2003 Bonds have been duly and validly authorized and issued by the Trust in accordance with applicable law, including the Act, and in accordance with the Series 2003 Resolution, are valid and binding obligations of the Trust enforceable against the Trust in accordance with their terms and the terms of the Series 2003 Resolution, and are entitled to the benefits of the Series 2003 Resolution and the Act. Neither the State nor any political subdivision thereof (other than the Trust, but solely to the extent of the Trust Estate) is obligated to pay the principal of or interest on the Series 2003 Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2003 Bonds. The Trust has no taxing power.

4. The Series 2003 Loan Agreements and the Continuing Disclosure Agreement have each been duly authorized, executed and delivered by the Trust, and are each valid and binding agreements enforceable against the Trust in accordance with their respective terms.
5. The Master Program Trust Agreement has been duly authorized, executed and delivered by the Trust, and is a valid and binding agreement enforceable against the Trust in accordance with its terms.

6. Under existing law, interest on the Series 2003 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Series 2003 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding any other federal income tax consequences arising with respect to the Series 2003 Bonds. Interest on the Series 2003 Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

In rendering the opinions set forth above, we note that the enforceability of rights or remedies with respect to the Series 2003 Resolution, the Trust Documents and the Series 2003 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or remedies heretore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

In rendering the opinions contained in paragraphs 2 and 5 above, we have relied upon the opinion, dated the date hereof, of independent counsel to the Master Program Trustee with respect to the due authorization, execution and delivery of the Master Program Trust Agreement by the Master Program Trustee.

In rendering the opinions contained in paragraphs 4 and 6 above, we have relied upon the respective opinions, dated the date hereof, of independent counsel to each of the Series 2003 Borrowers with respect to (i) the due authorization, execution and delivery of the Series 2003 Loan Agreements by each of such respective Series 2003 Borrowers and (ii) certain legal consequences concerning the intended use by the Series 2003 Borrowers of the proceeds of the loan financing provided by the Trust to such respective Series 2003 Borrowers.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the Trust with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact on this opinion letter.
This opinion letter is being furnished solely to the person to whom this opinion letter is addressed and may not be relied upon by any other persons or quoted in whole or in part or otherwise referred to without our prior written consent. This is an opinion letter only and not a warranty or guaranty of the matters discussed herein.

We have examined an executed Series 2003 Bond, and, in our opinion, the form of said Series 2003 Bond and its execution are regular and proper.

Very truly yours,
APPENDIX H

GLOSSARY OF TERMS
GLOSSARY OF TERMS

Allowable Costs 2
Annual Charges 13
Annual Report 23
Authorities Laws 13
Authority Borrowers 13
Bankruptcy Code 25
Beneficial Owner 8
Bond Counsel 26
Bond Resolution 5
Bonds 5
Borrower Bond Resolutions 6
Borrower Bonds 6
Borrower Continuing Disclosure Agreement 23
Borrower Fund Loan Bond Resolutions 6
Borrower Fund Loan Bonds 6
Borrower Guaranties 14
Borrower Guarantors 14
Borrower Lease Agreements 14
Borrower Lessee Agreements 14
Borrower Lessor Agreements 14
Borrower Service Agreements 13
Borrower Trust Loan Bond Resolutions 5
Borrower Trust Loan Bonds 5
Borrowers 3
Business Corporation Law 14
Code 26
Commission Act 25
Continuing Disclosure Agreements 24
Conventional Project 4
Conventional Project Reserve Capacity Borrowers 5
County Improvement Authorities Law 13
Coverage Providing Financing Programs 11
Coverage Receiving Bonds 11
Coverage Receiving Financing Programs 11
Debt Service Reserve Funds 5
Department 2
Department Regulations 4
DTC 7
DTC Participants 8
Excluded Financing Programs 11
Federal Regulations 4
Financing Program 2
Fitch 27
Fund Loan Agreements 6
Fund Loans 4
Future Bonds 12
General Obligation Series 2003 Borrowers 16
Government Borrower Guaranties 13
Government Borrower Guarantors 13
Government Guaranty Payments 13

H-1
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2003 Borrowers</td>
<td>6</td>
</tr>
<tr>
<td>Series 2003 Debt Service Reserve Requirement</td>
<td>19</td>
</tr>
<tr>
<td>Series 2003 Financing Program</td>
<td>6</td>
</tr>
<tr>
<td>Series 2003 Financing Program Annual Report</td>
<td>24</td>
</tr>
<tr>
<td>Series 2003 Fund Loans</td>
<td>6</td>
</tr>
<tr>
<td>Series 2003 Fund Loan Agreements</td>
<td>9</td>
</tr>
<tr>
<td>Series 2003 Loan Servicer</td>
<td>6</td>
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<td>Series 2003 Loan Servicing Agreement</td>
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<tr>
<td>Series 2003 Loans</td>
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</tr>
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<td>Series 2003 Participants</td>
<td>17</td>
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<td>Series 2003 Paying Agent</td>
<td>6</td>
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<td>Series 2003 Projects</td>
<td>4</td>
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<td>Series 2003 Revenues</td>
<td>10</td>
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<tr>
<td>Series 2003 Tax Certificate</td>
<td>26</td>
</tr>
<tr>
<td>Series 2003 Trust Bonds Security Account</td>
<td>17</td>
</tr>
<tr>
<td>Series 2003 Trust Estate</td>
<td>10</td>
</tr>
<tr>
<td>Series 2003 Trust Loan Agreements</td>
<td>9</td>
</tr>
<tr>
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<td>6</td>
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<tr>
<td>Series 2003 Trustee</td>
<td>6</td>
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<td>Sewerage Authorities Law</td>
<td>13</td>
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<td>Smart Growth Program</td>
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<td>Special Obligation Series 2003 Borrowers</td>
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