

MASTER EQUIPMENT SUBLEASE AGREEMENT

This Master Equipment Sublease Agreement (this “*Agreement*”) dated as of _____, 2025, and entered into by and between Metropolitan Water District Asset Financing Corporation, a California nonprofit public benefit corporation (together with its successors, assigns and transferees, and as more particularly defined herein, “*Sublessor*”), and The Metropolitan Water District of Southern California, a metropolitan water district formed under the laws of the State of California (“*Sublessee*”).

WITNESSETH:

WHEREAS, Sublessor has entered into that certain Master Equipment Lease Agreement, dated as of the date hereof (the “*Corporation Lease*”), with Banc of America Public Capital Corp., a Kansas corporation, as Lender (the “*Lender*”), in order to provide for the lease from the Lender to the Sublessor of certain Equipment described in the Corporation Lease (the “*Equipment*”); and

WHEREAS, Sublessee now desires to lease from Sublessor certain Equipment that Sublessor has leased or will lease pursuant to the Corporation Lease (as defined herein) that will be leased under the Corporation Lease from time to time;

WHEREAS, Sublessee is authorized under the constitution and laws of the State (as such term is defined herein) to enter into this Agreement and each Schedule for the purposes set forth herein and therein;

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

Section 1.01. Definitions. Capitalized terms used in this Agreement that are not otherwise defined herein have the meanings given such terms in the Corporation Lease. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

“*Agreement*” means this Master Equipment Lease Agreement, together with any amendments and modifications to this Agreement pursuant to Section 13.04.

“*Code*” means the Internal Revenue Code of 1986, as amended. Each reference to a Section of the Code in this Agreement and a Lease shall be deemed to include the relevant United States Treasury Regulations proposed or in effect thereunder.

“*Equipment*” has the meaning given such term in the Corporation Lease.

“Event of Default” means an Event of Default described in Section 12.01.

“Lease” means any “Lease” as such term is defined in the Corporation Lease.

“Lease Term” has the meaning given such term in the Corporation Lease.

“Leased Equipment” means any Equipment leased by the Corporation under the Corporation Lease for the Leased Term and on the terms and conditions set forth in the applicable Lease.

“Lender” means the “Lessor” (as that term is defined in the Corporation Lease).

“Master Senior Resolution” means Resolution 8329 adopted by the Sublessee on July 9, 1991, as amended and supplemented from time to time.

“Master Subordinate Resolution” means Resolution 9199 adopted by the Sublessee on March 8, 2016, as amended and supplemented from time to time.

“Most Recent Official Statement” means the Official Statement of the Sublessee, dated ____, relating to its [_____].

“Rental Payment Date” has the meaning given such term in the Corporation Lease.

“Rental Payments” means, with respect to all Leased Equipment and with respect to any Rental Payment Date, that amount which the Corporation pays in Rental Payments (as such term is defined in the Corporation Lease) or other amounts under the Corporation Lease for such Rental Payment Date, and any additional amounts that the Corporation is obligated to pay the Lender under the Corporation Lease.

“SEC” means the U.S. Securities and Exchange Commission.

“Vendor” means the manufacturer or supplier of the Equipment listed in a Schedule or any other person as well as the agents or dealers of the manufacturer, installer or supplier with whom Sublessee arranged Sublessee’s acquisition, installation, maintenance and/or servicing of the Equipment pursuant to the applicable Lease.

“Vendor Agreement” means any contract entered into by Sublessee and any Vendor for the acquisition, installation, maintenance and/or servicing of the Equipment under a Lease.

ARTICLE II

Section 2.01. Representations and Covenants of Sublessee. Sublessee represents, covenants and warrants for the benefit of Sublessor on the date hereof and as of the Commencement Date of each Lease as follows:

(a) Sublessee is a political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, with full power and authority to enter into the Related Documents and the transactions contemplated thereby and to perform all of its obligations thereunder.

(b) The execution, delivery and performance by the Sublessee of the Related Documents, (i) have been duly authorized by all necessary action by the Sublessee, and (ii) do not contravene, result in the violation of, or constitute a default under, any provision of applicable law or regulation, or any order of any court or governmental authority with jurisdiction over the Sublessee or any agreement, resolution or instrument to which the Sublessee is a party or by which it or any of its property is bound, which contravention, violation or default of such order, agreement, resolution or instrument could reasonably be expected to have a Material Adverse Change.

(c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.

(d) Sublessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a metropolitan water district under the laws of the State.

(e) Sublessee has complied or will comply with such procurement and public bidding requirements as may be applicable to this Agreement and the acquisition and installation by Sublessee of the Equipment.

(f) During the Lease Term under each Lease, the Equipment will be used by Sublessee for only lawful purposes under the laws of the State. Sublessee does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment scheduled to be paid under the related Lease.

(g) The audited financial statements of the Sublessee furnished to the Sublessor and the Lender for the Fiscal Years ended June 30, 2023, and June 30, 2024, fairly present the financial condition of the Sublessee as of such date and the results of its operations for the Fiscal Year ended on such date, all in accordance with generally accepted accounting principles consistently applied. The Sublessee will deliver to the Sublessor as soon as practicable and in any event within one hundred eighty (180) days after the end of each Fiscal Year, a copy of the annual report containing the audited financial statements of the Sublessee, prepared in accordance with principles of the Government Accounting Standards Board applied on a consistent basis and audited by independent certified public accountants of recognized standing, including a balance

sheet of the Sublessee as of the end of such Fiscal Year and related statements of income and cash flows for the Fiscal Year ended.

(h) The Equipment will not be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental agency. No portion of the Acquisition Amount relating to any Lease will be used, directly or indirectly, to make or finance loans to any person other than Sublessee. Sublessee has not entered into any management or other service contract with respect to the use and operation of the Equipment.

(i) Other than as disclosed in the Most Recent Official Statement, there is no action, suit or proceeding pending in or before any court, any other governmental authority with jurisdiction over the Sublessee or any arbitrator in which service of process has been completed against the Sublessee or, to the knowledge of the Sublessee, any other action, suit or proceeding pending or threatened in or before any court, any other governmental authority with jurisdiction over the Sublessee or any arbitrator, in either case against the Sublessee, the Sublessee's water system or any of the properties or revenues of the Sublessee or its water system, which is reasonably likely to have a Material Adverse Change, or materially affects the rights or position of the Sublessor in this Agreement.

(j) In connection with the Sublessee's compliance with any continuing disclosure undertakings (each, a "*Continuing Disclosure Agreement*") entered into by the Sublessee pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*"), the Sublessee may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("*EMMA*"), notice of its incurrence of its obligations under this Agreement and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Agreement, in each case including posting a full copy thereof or a description of the material terms thereof (each such posting, an "*EMMA Posting*"). Except to the extent required by applicable law, including the Rule, the Sublessee shall not file or submit or permit the filing or submission of any EMMA Posting that includes the following unredacted confidential information about the Sublessor or its affiliates and any Escrow Agent in any portion of such EMMA Posting: address, account information and logos of the Sublessor or its affiliates and any Escrow Agent; e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Sublessor or its affiliates and any Escrow Agent; and the form of Disbursement Request that is attached to any Escrow Agreement.

The Sublessee acknowledges and agrees that the Sublessor and its affiliates are not responsible for the Sublessee's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities or other laws, including but not limited to those relating to the Rule.

ARTICLE III

Section 3.01. Lease of Equipment. Sublessor hereby leases to Sublessee, and Sublessee hereby rents and leases all Leased Equipment for the applicable Lease Term.

Section 3.02. Cooperation. Sublessee will cooperate with Sublessee in Lender's review of each proposed Lease. Without limiting the foregoing, Sublessee will provide Sublessor with any documentation or information Sublessor may reasonably request in connection with Lender's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Sublessee and other matters related to Sublessee.

ARTICLE IV

Section 4.01. Rental Payments. Sublessee shall promptly pay Rental Payments, in lawful money of the United States of America, to Sublessor on the Rental Payment Dates or on any other date on which Rental Payments are due.

Section 4.02. Rental Payments to Be Unconditional. The obligations of Sublessee to make Rental Payments and to perform and observe the other covenants and agreements contained in each Lease shall be absolute and unconditional in all events without abatement, diminution, deduction, set-off or defense, for any reason, including without limitation any failure of the Equipment, disputes with the Sublessor or Vendor of any Equipment, any defects, malfunctions, breakdowns or infirmities in the Equipment or any accident, condemnation or unforeseen circumstances or failure of any Vendor to deliver any Equipment or otherwise perform any of its obligations for whatever reason, including bankruptcy, insolvency, reorganization or any similar event with respect to any Vendor or under any Vendor Agreement, or the failure or inability (for whatever reason) of Sublessee to receive (or delay in receipt of) all or any portion of any refundable tax credit under Section 6417 of the Internal Revenue Code of 1986, as amended by the Inflation Reduction Act of 2022 (Pub. L. No. 117-169), or any substantially similar provision of federal, state, local or foreign tax law (including regulations or other guidance from any taxing authority).

Section 4.03 Tax Covenants. Sublessee agrees that it will not take any action that would cause the interest component of Rental Payments under the Corporation Lease to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause the interest component of Rental Payments to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for Federal income tax purposes. In connection with the foregoing, Sublessee hereby agrees that (a) so long as any Rental Payments under the Corporation Lease remain unpaid, moneys on deposit in the Escrow Account under any Escrow Agreement related to such Lease shall not be used in a manner that will cause such Lease to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code; and (b) Sublessee shall rebate, from funds legally available for the purpose, an amount equal to excess earnings on the Escrow Account under any

Escrow Agreement to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code.

ARTICLE V

Section 5.01. Acquisition, Delivery Installation and Acceptance of Equipment. With respect to each Lease, Sublessee shall order the Equipment to be acquired and financed thereunder, cause the Equipment to be delivered and installed at the location specified in such Lease and pay any and all delivery and installation costs and other Equipment Costs in connection therewith. Sublessee shall conduct such inspection and testing of the Equipment listed in a Lease as it deems appropriate in order to unconditionally accept such Equipment.

Section 5.02. Quiet Enjoyment of Equipment. So long as no Event of Default exists and is continuing under the related Lease, neither Sublessor nor any entity claiming by, through or under Sublessor, shall interfere with Sublessee's quiet use and enjoyment of the Equipment during the Lease Term under such Lease.

[*Section 5.03. Location; Inspection.* No Equipment shall be installed at any location or, in the case of motor vehicles, have a base location at any location that would cause the Sublessee to breach the terms and conditions of Section 6.03. Sublessor shall have the right at all reasonable times during regular business hours to enter into and upon the property where the Equipment is located for the purpose of inspecting the Equipment.][Same issue in Corporation Lease.]

Section 5.04. Use and Maintenance of the Equipment. Sublessee shall not install, use, operate or maintain the Equipment (or cause the Equipment to be installed, used, operated or maintained) improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease in a manner that materially adversely impacts the interests of the Sublessor. Sublessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Sublessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body, including, without limitation, all anti-money laundering laws and regulations; *provided* that Sublessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Sublessor, adversely affect the interest of Sublessor in and to the Equipment or its interest or rights under the related Lease.

Sublessee agrees that it shall maintain, preserve and keep the Equipment in good repair and working order, in a condition comparable to that recommended by the manufacturer. Sublessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. In all cases, Sublessee agrees to pay any costs necessary for the manufacturer to re-certify the Equipment as eligible for manufacturer's maintenance upon the return of the Equipment to Sublessor as provided for in Sections 3.03 and 12.02(b) of this Agreement.

Sublessee shall not alter any item of Equipment or install any accessory, equipment or device on an item of Equipment if that would impair any applicable warranty, the originally

intended function or the value of that Equipment. All repairs, parts, accessories, equipment and devices furnished, affixed to or installed on any Equipment, excluding temporary replacements, shall thereupon become subject to the security interest of Sublessor.

Section 5.05. Corporation Lease. Sublessee shall not take any action that would cause the Corporation to breach any covenant or agreement contained in the Corporation Lease.

ARTICLE VI

Section 6.01. Title to the Equipment. Sublessee shall at all times protect and defend, at its own cost and expense, (a) its leasehold interest in the Leased Equipment, (b) the Sublessor's right, title and interest in and to the Leased Equipment, and (c) the Lender's security interest in the Leased Equipment, from and against all claims, liens and legal processes of its creditors, and keep all Leased Equipment (and any other Collateral) free and clear of all such claims, liens and processes. In addition, upon the occurrence of such an Event of Default or such termination, Sublessee shall execute and deliver to Sublessor such documents as Sublessor may request to evidence the passage of such legal title to Sublessor or the Lender, as the Corporation Lease may require, and the termination of Sublessee's interest therein, and upon request by Sublessor shall deliver possession of the Leased Equipment to Sublessor or the Lender in accordance with the Corporation Lease.

Section 6.02. Lien. As additional security for the payment and performance of all of Sublessee's obligations under each Lease, upon the execution of such Lease, Sublessee hereby grants to Sublessor a first lien on (a) the Equipment subject to such Lease, (b) any and all proceeds of any of Equipment, including, without limitation, insurance proceeds, and (c) all books and records regarding the foregoing, in each case, now existing or hereafter arising.

Section 6.03. Personal Property; No Encumbrances. Sublessee shall not create, incur, assume or permit to exist any mortgage, pledge, lien, security interest, charge or other encumbrance of any nature whatsoever on any of the real estate where the Equipment under a Lease is or will be located or enter into any agreement to sell or assign or enter into any sale/leaseback arrangement of such real estate without the prior written consent of Sublessor; *provided*, that if Sublessor or its assigns is furnished with a waiver of interest in the Equipment under such Lease acceptable to Sublessor or its assigns in their respective discretion from any party taking an interest in any such real estate prior to such interest taking effect, such consent shall not be unreasonably withheld.

ARTICLE VII

Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Sublessee shall keep the Equipment under each Lease free of all levies, liens, and encumbrances except those created by such Lease. The parties to this Sublease contemplate that all Leased Equipment will be used for a governmental or proprietary purpose of Sublessee, and that the Equipment will therefore be exempt from all property taxes. If the lease, sale, purchase, operation, use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation,

Sublessee shall pay when due all sales and other taxes, special assessments, governmental and other charges of any kind that are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part of either thereof, or which become due during the Lease Term under the affected Lease, whether assessed against Sublessee or Sublessor. Sublessee shall pay all utility and other charges incurred in the operation, use and maintenance of the Equipment. Sublessee shall pay such taxes, assessments or charges as the same may become due; *provided* that, with respect to any such taxes, assessments or charges that may lawfully be paid in installments over a period of years, Sublessee shall be obligated to pay only such installments as accrue during the Lease Term under the affected Lease. During the Lease Term under each Lease, Sublessor will not claim ownership of the Equipment thereunder for the purposes of any tax credits, benefits or deductions with respect to such Equipment.

Section 7.02. Insurance. Sublessee shall, during the Lease Term under each Lease, maintain or cause to be maintained (a) casualty insurance naming Sublessor and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Sublessor, in an amount at least equal to the greater of (i) the then applicable Outstanding Balance of the Equipment or (ii) the replacement cost of the Equipment under such Lease; (b) liability insurance naming Sublessor and its assigns as additional insured that protects Sublessor from liability for bodily injury and property damage coverage (i) in such coverage amounts as may be required by Sublessor for the applicable Equipment or (ii) in such minimum coverage amounts as may be agreed upon between Sublessor and Sublessee in connection with the execution and delivery of a Lease, in all events under clauses (a) and (b) above issued in form and amount satisfactory to Sublessor and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of “A-” or better; and (c) worker’s compensation coverage as required by the laws of the State. Notwithstanding the foregoing, Sublessee may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, ***in each case with Sublessor’s prior consent (which Sublessor may grant, withhold or deny in its sole discretion) and provided that Sublessee has delivered to Sublessor such information as Sublessor may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Sublessor.*** In the event Sublessee self-insures as provided in this Section 7.02, Sublessee shall provide to Sublessor a self-insurance letter in form and substance reasonably satisfactory to Sublessor. Sublessee shall furnish to Sublessor evidence of such insurance or self-insurance coverage throughout the Lease Term under each Lease ***[when is this supposed to occur?]***. Sublessee shall not cancel or modify such insurance or self-insurance coverage in any way that would affect the interests of Sublessor without first giving written notice thereof to Sublessor at least thirty (30) days in advance of such cancellation or modification.

Section 7.03. Insufficiency of Net Proceeds. Sublessee hereby acknowledges that, under the Corporation Lease, if the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01 of the Corporation Lease, Sublessor is required to either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pay

or cause to be paid to Lender the amount of the then applicable Casualty Value under the related Lease plus all other amounts then owing thereunder, and, upon such payment, the applicable Lease Term shall terminate and Lender's security interest in the Equipment shall terminate as provided in Section 6.01 of the Corporation Lease. The amount of the Net Proceeds remaining, if any, after completing such repair, restoration, modification or improvement or after paying such Casualty Value for such Lease plus all other amounts then owing thereunder shall be retained by Sublessor. If Sublessor shall make any payments pursuant to Section 8.02 of the Corporation Lease, Sublessor is not be entitled to any reimbursement therefor from Lender nor will Sublessor be entitled to any diminution of the amounts payable under Article IV of the Corporation Lease. As part of its Rental Payments under the Sublease, Sublessee hereby agrees to pay to Sublessor any amounts that the Sublessor is required to pay under Section 8.02 of the Corporation Lease.

Section 7.04. Risk of Loss. Whether or not covered by insurance or self-insurance, Sublessee hereby assumes all risk of loss of, or damage to and liability related to injury or damage to any persons or property arising from the Equipment under any Lease from any cause whatsoever, and no such loss of or damage to or liability arising from the Equipment under any Lease shall relieve Sublessee of the obligation to make the Rental Payments or to perform any other obligation under any Lease. Whether or not covered by insurance or self-insurance, Sublessee hereby agrees to reimburse Sublessor (to the fullest extent permitted by applicable law, but only from legally available funds) for any and all liabilities, obligations, losses, costs, claims, taxes or damages suffered or incurred by Sublessor, regardless of the cause thereof and all expenses incurred in connection therewith (including, without limitation, counsel fees and expenses, and penalties connected therewith imposed on interest received) arising out of or as a result of (a) entering into this Agreement or any Lease or any of the transactions contemplated hereby or thereby, (b) the ordering, acquisition, ownership, use, operation, condition, purchase, delivery, acceptance, rejection, storage or return of any item of the Equipment under any Lease, (c) any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment under any Lease resulting in damage to property or injury to or death to any person, and/or (d) the breach of any covenant of Sublessee under or in connection with this Agreement or any Lease or any material misrepresentation provided by Sublessee under or in connection with this Agreement or any Lease. The provisions of this Section 7.04 shall continue in full force and effect notwithstanding the full payment of all obligations under any or all Leases or the termination of the Lease Term under any or all Leases for any reason.

Section 7.05. Advances. In the event Sublessee shall fail to keep the Equipment in good repair and working order or shall fail to maintain any insurance required by Section 7.02 hereof, Sublessor may, but shall be under no obligation to, maintain and repair the Equipment or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by Sublessor shall constitute additional rent for the Lease Term under the affected Lease, and Sublessee covenants and agrees to pay such amounts so advanced by Sublessor with interest thereon from the date advanced until paid at a rate equal to the Contract Rate (or the Taxable Rate if then in effect) *plus* five percent (5%) per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII

Section 8.01. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term under the related Lease, (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, (i) Sublessee and Sublessor will cause the Net Proceeds of any insurance claim or condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment or such part thereof and any balance of the Net Proceeds remaining after such work has been completed shall be paid to Sublessee or (ii) Sublessee shall exercise its option to prepay the obligations in accordance with Section 10.01 hereof.

If Sublessee elects to replace any item of the Equipment (the “*Replaced Equipment*”) pursuant to this Section 8.01, the replacement equipment (the “*Replacement Equipment*”) shall be new or of a quality type, utility and condition at least as good as the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Sublessee shall grant to Sublessor a first priority security interest in any such Replacement Equipment. Sublessee shall represent, warrant and covenant to Sublessor that each item of Replacement Equipment is free and clear of all claims, liens, security interests and encumbrances, excepting only those liens created by or through Sublessor, and shall provide to Sublessor any and all documents as Sublessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Sublessor evidencing Sublessor’s security interest in the Replacement Equipment. Sublessor and Sublessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute “Equipment” for purposes of this Agreement and the related Lease. Sublessee shall complete the documentation of Replacement Equipment on or before the next Rental Payment Date after the occurrence of a casualty event, or be required to exercise its option to prepay the obligations with respect to the damaged Equipment in accordance with Section 10.01 hereof.

For purposes of this Article VIII, the term “*Net Proceeds*” shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys’ fees, incurred in the collection thereof.

ARTICLE IX

Section 9.01. Disclaimer of Warranties. Sublessor makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of any of the Equipment under each Lease, or any other warranty or representation, express or implied, with respect thereto and, as to Sublessor, Sublessee’s acquisition of the Equipment under each Lease shall be on an “as is” basis. In no event shall Sublessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Agreement, any Lease, any Equipment or the existence,

furnishing, functioning or Sublessee's use of any item, product or service provided for in this Agreement or any Lease.

Section 9.02. Vendor Agreements; Warranties. Sublessee covenants that it shall not in any material respect amend, modify, rescind or alter any Vendor Agreement for any Lease without the prior written consent of Sublessor. Sublessor hereby irrevocably appoints Sublessee its agent and attorney-in-fact during the Lease Term under each Lease, so long as Sublessee shall not be in default under such Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Sublessor may have against a Vendor. Sublessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the applicable Vendor of the Equipment and not against Sublessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Sublessor with respect to any Lease, including the right to receive full and timely Rental Payments and other payments under each Lease. Sublessee expressly acknowledges that Sublessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties relating to any of the Equipment under each Lease.

ARTICLE X

Section 10.01. Prepayment; Payment in Full. Sublessee shall have the option to prepay or satisfy all, but not less than all, of its obligations under this Sublease related to Equipment leased by the Corporation under a Lease, to the extent that the Corporation may prepay such obligations under the Corporation Lease on the terms and conditions on which the Corporation may so prepay under the Corporation Lease.

ARTICLE XI

Section 11.01. Assignment and Subleasing by Sublessee. **None of Sublessee's right, title and interest in, to and under this Agreement, any Lease or any portion of the Equipment, any Escrow Agreement or the Escrow Account or any of the other Collateral related thereto may be assigned, encumbered or subleased by Sublessee for any reason, and any purported assignment, encumbrance or sublease without Sublessor's prior written consent shall be null and void.**

ARTICLE XII

Section 12.01. Events of Default Defined. Any of the following events shall constitute an "Event of Default" under a Lease:

- (a) Failure by Sublessee to (i) pay any Rental Payment or other payment required to be paid under any Lease within ten (10) days after the date when due as specified therein, (ii) maintain insurance as required under such Lease (including Section 7.02 of this Agreement, which is incorporated therein), or (iii) observe and perform any covenant, condition or agreement on its part to be observed or performed under Section 6.01 or 6.02 hereof for any Lease;

(b) Failure by Sublessee to observe and perform any covenant, condition or agreement contained in this Agreement or any Lease on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Sublessee by Sublessor, unless Sublessor shall agree in writing to an extension of such time prior to its expiration; *provided* that, if the failure stated in the notice cannot be corrected within the applicable period, Sublessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Sublessee within the applicable period and diligently pursued until the default is corrected;

(c) Any statement, representation or warranty made by Sublessee in or pursuant to this Agreement or any Lease or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(d) an “Event of Default” occurs and is continuing under either the Master Senior Resolution or the Master Subordinate Resolution;

(e) Sublessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Sublessee, or of all or a substantial part of the assets of Sublessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable Federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Sublessee in any bankruptcy, liquidation, readjustment, reorganization, moratorium or insolvency proceeding; or

(f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for Sublessee or of all or a substantial part of the assets of Sublessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) consecutive days.

Section 12.02. Remedies on Default. Whenever any Event of Default exists under any Lease, Sublessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps with respect to any or all Leases with an Event of Default under this Agreement, including those with an Event of Default pursuant to Section 12.01(d) (each, a “Defaulted Lease”):

(a) By written notice to Sublessee, Sublessor may declare all Rental Payments payable by Sublessee pursuant to one or more Defaulted Leases and other amounts payable by Sublessee under each such Defaulted Lease to the end of the Lease Term to be immediately due and payable;

(b) With or without terminating the Lease Term under any one or more Defaulted Leases, by notice to the Sublessee pursuant to Section 13.03 hereof, Sublessor may require Sublessee at Sublessee's expense to promptly return any or all of such Equipment to the possession of Sublessor at such place within the County of Los Angeles as Sublessor shall specify, and sell or lease such Equipment or, for the account of Sublessee, sublease such Equipment, continuing to hold Sublessee liable, but solely from legally available funds, for the difference between (i) the Rental Payments payable by Sublessee pursuant to each such Defaulted Lease and other amounts related to each such Defaulted Lease that are payable by Sublessee to the end of the Lease Term, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Sublessor in exercising its remedies under each such Defaulted Lease, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 3.03 of this Agreement. [In addition, if the Sublessor requires the Sublessee to return any Equipment pursuant to this Section 12.02(b) and the Sublessee does not return such Equipment within 60 days after delivering notice to the Sublessee of such requirement, then Sublessor may enter the premises where the Equipment listed in any one or more of each such Defaulted Leases is located and retake possession of such Equipment or as required by Sublessor.] The exercise of any such remedies respecting any such Event of Default under any such Defaulted Lease shall not relieve Sublessee of any other liabilities under each such Defaulted Lease or any other Lease that Sublessor determines not to treat as a Defaulted Lease or with respect to the Equipment listed therein;

(c) Sublessor may terminate the Escrow Agreement relating to any one or more of such Defaulted Leases and apply any proceeds in each such applicable Escrow Account thereunder to the Rental Payments scheduled to be paid under any one or more of such Defaulted Leases as Sublessor shall determine; and/or

(d) Sublessor may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under any one or more of such Defaulted Leases or each such Escrow Agreement relating thereto or as a secured party in any or all of the Equipment subject to any one or more of such Defaulted Leases or with respect to the related Escrow Account for one or more of such Defaulted Leases.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to Sublessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder and/or under any Lease now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Sublessor to exercise any remedy reserved to it in this Article XII it shall not be necessary to give any notice other than such notice as may be required in this Article XII.

Section 12.04. Application of Moneys. Any net proceeds from the exercise of any remedy under this Agreement, including the application specified in Section 12.02(b)(ii) (after deducting all expenses of Sublessor in exercising such remedies including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing Equipment and all brokerage, auctioneer's or attorney's fees), shall be applied as follows:

(a) If such remedy is exercised solely with respect to a single Defaulted Lease, Equipment listed in such Defaulted Lease or rights thereunder, then to amounts due pursuant to such Defaulted Lease and to other amounts related to such Defaulted Lease or such Equipment.

(b) If such remedy is exercised with respect to more than one Defaulted Lease, Equipment listed in more than one Defaulted Lease or rights under more than one Defaulted Lease, then to amounts due pursuant to one or more of such Defaulted Leases as Sublessor shall determine and distribute on a pro rata basis or on such other basis as Sublessor shall determine.

ARTICLE XIII

Section 13.01. Notices. All notices, certificates or other communications under this Agreement or any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, or delivered by overnight courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto at the addresses immediately above the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Sublessee.

Section 13.02. Binding Effect. This Agreement and each Lease shall inure to the benefit of and shall be binding upon Sublessor and Sublessee and their respective successors and assigns.

Section 13.03. Severability. In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or thereof.

Section 13.04. Amendments, Changes and Modifications. This Agreement and each Lease may only be amended by Sublessor and Sublessee in writing.

Section 13.05. Execution in Counterparts. This Agreement and each Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided* that only Counterpart No. 1 of each Lease (including the terms and provisions of this Agreement incorporated therein by reference) shall constitute chattel paper for purposes of the applicable Uniform Commercial Code.

Section 13.06. Applicable Law; Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF DIFFERENT GOVERNING LAW.

(b) The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the State of California sitting in Los Angeles County and of the United States District Court for the Central District of California, and any Appellate Court from any thereof, in any action, suit or proceeding brought against or by it in connection with this Agreement or for recognition or enforcement of any judgment related thereto.

(c) The parties hereto further irrevocably consent, to the extent provided by law, to the service of process of any of the aforementioned courts in any such action, suit or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such parties at their respective addresses pursuant to Section 13.01 hereof, such service to become effective thirty (30) days after such mailing.

(d) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. If the waiver of jury trial contained herein is unenforceable for any reason, then the parties hereto agree that the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision.

Section 13.07. Captions. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease.

Section 13.08. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated by this Agreement and each Lease thereunder (including in connection with any amendment, waiver or other modification hereof or of any other related document), the Sublessee acknowledges and agrees that: (a) (i) the transactions contemplated by this Agreement and each Lease thereunder provided by the Sublessor and any affiliate thereof are arm's-length commercial transactions between the Sublessee, on the one hand, and the Sublessor and its affiliates, on the other hand, (ii) the Sublessee has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Sublessee is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and each Lease thereunder and by the other related documents; (b) (i) the Sublessor and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will

not be acting as an advisor, agent or fiduciary, for the Sublessee, or any other person and (ii) neither the Sublessor nor any of its affiliates has any obligation to the Sublessee with respect to the transactions contemplated by this Agreement and each Lease thereunder except those obligations expressly set forth herein and in the other related documents; and (c) the Sublessor and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Sublessee, and neither the Sublessor nor any of its affiliates has any obligation to disclose any of such interests to the Sublessee. To the fullest extent permitted by law, the Sublessee, hereby waives and releases any claims that it may have against the Sublessor or any of its affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated by this Agreement and each Lease thereunder.

Section 13.09. Entire Agreement. The parties agree that this Agreement and each Lease hereunder constitutes the final and entire agreement between the parties superseding all conflicting terms or provisions of any prior proposals, term sheets, solicitation documents, requests for proposals, award notices, approval letters or any other agreements or understandings between the parties.

Section 13.10 Electronic Signatures. This Agreement may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")). Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of this Agreement and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Sublessor and Sublessee have caused this Master Equipment Lease Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

SUBLESSOR:

Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration

SUBLESSEE:

Attention: _____

Fax No.: _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

