

SUMMARY OF CERTAIN PROVISIONS OF THE TRANSPORTATION RESOLUTION

The following sections contain definitions of certain terms used in, and a general summary (“Summary”) of, certain provisions of the Transportation Resolution. The definitions and Summary are not to be considered a full statement of the terms of the Transportation Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Transportation Resolution. A copy of the Transportation Resolution may be obtained upon request from the MTA or the Trustee.

Definitions

Additional Related Transportation Entity shall mean any subsidiary or affiliate of a Related Transportation Entity now or hereafter established which is designated as a Related Transportation Entity in a certificate delivered by an Authorized Officer to the Trustee and which has become a party to the Interagency Agreement.

Air Rights shall mean that space which extends upward from the real property which constitutes all or any part of the Systems which space is not used or reasonably anticipated to be used in connection with the operation of the Systems.

Capital Costs shall mean (i) the costs of the Issuer or any other Related Transportation Entity or SIRTOA for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the Resolution Transportation District Project, including costs of acquisition of real or personal property or any interests therein, legal, administrative, engineering, planning, design, studies, insurance, financing costs (including Costs of Issuance), and initial working capital required for the commencement of operation of any part of the Resolution Transportation District Project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness, made by the Issuer or any other Related Transportation Entity or SIRTOA to any Person participating in a Resolution Transportation District Project for the purpose of funding any costs described in this clause (i); (ii) amounts paid into any Fund or Account upon the issuance of any Obligations; and (iii) payment when due (whether at the maturity of principal or on the due date of interest or upon redemption or when otherwise due, including by purchase or through tender or exchange) on any indebtedness or obligation of the Issuer or any other Related Entity which was issued or incurred to finance costs that could at the time of such payment be funded directly under the Resolution, including Obligations, Obligation Anticipation Notes, Parity Debt, Subordinated Indebtedness, Subordinated Contract Indebtedness, any termination or other payments for financial hedging arrangements, or any such indebtedness or obligation issued or incurred by any Related Entity in connection with the Resolution Transportation District Project.

Capital Program Plan shall mean the Transit Capital Program Plan, the Commuter Capital Program Plan or any other capital program plan for any System which may be financed with the proceeds of obligations authorized to be issued pursuant to the Issuer Act.

CDOT shall mean the Connecticut Department of Transportation or its predecessors or successors having jurisdiction over the New Haven Line.

Commuter Capital Program Plan shall mean, if then required, the capital program plan from time to time in effect for the Commuter System as provided in the Issuer Act.

Commuter Resolution shall mean the Commuter Facilities Special Obligation Resolution adopted by the Issuer on July 12, 1984, as amended and supplemented.

Commuter System shall mean the equipment, omnibus facilities, railroad facilities, and real property constituting or to constitute part of, or used or reasonably anticipated to be used in connection with the operation of, any transportation facility, as such terms are defined in the Issuer Act, and related

services operated (i), on the date of the adoption of the Resolution, by the Issuer, the LIRR or the MNCRC directly or by contract, lease or other arrangement, including joint service arrangements, or (ii) by any other Related Transportation Entity and designated in a certificate of an Authorized Officer of the Issuer delivered to the Trustee as part of the Commuter System, as the foregoing may from time to time be modified, but excluding in each case (i) any transportation facility relating to the Pascack Valley Line, the Port Jervis Line and the Connecticut Line, (ii) Parking Facilities and (iii) Air Rights.

Connecticut Line shall mean all or any portion of that portion of the Commuter System which, when operated by the MNCRC comprised the New Haven Line, during such periods as it is not operated by the MNCRC and during which periods the MTA or the MNCRC is responsible for a portion of the costs and expenses of its operation pursuant to contract, lease or other arrangement, including joint service arrangements.

Contracting Party shall mean any Person that has entered into a Qualified Agreement.

Costs of Issuance shall mean Costs of Issuance as defined in the Standard Resolution Provisions as well as similar items of expense incurred in connection with the authorization, sale and issuance of a Series of Revenue Anticipation Notes.

Cost of Issuance Account shall mean the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to the Resolution.

Current Federal Operating Subsidies shall mean, for any Fiscal Year, the sum of (i) all federal operating grants or subsidies for the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line received by the Issuer or any other Related Transportation Entity, and (ii) all federal operating grants or subsidies for the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line which have been appropriated, allocated, granted or have been similarly authorized and which are reasonably anticipated to be received for the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line by the Issuer or any other Related Transportation Entity during such Fiscal Year.

Debt Service Fund shall mean the Fund by that name established in the Resolution.

Events of Default shall mean the events defined as such in the Resolution.

Grand Central Resolution shall mean the Commuter Facilities Special Obligation Subordinated Bond Resolution adopted by the Issuer on September 25, 1995, as amended and supplemented.

Grand Central Terminal Concessions shall mean those moneys derived or received by the MTA or any other Related Transportation Entity from rentals and concessions in Grand Central Terminal, New York, New York.

Inspector General shall mean the Office of Metropolitan Transportation Authority Inspector General created pursuant to 1982 N.Y. Laws, Chapter 427 or its successor.

Interagency Agreement shall mean the Interagency Agreement, dated as of April 9, 2002, among the Issuer, the LIRR, the MNCRC, the Transit Authority and MaBSTOA, as the same may be amended from time to time, including without limitation by amendments required to add Additional Related Transportation Entities as parties thereto.

Issuer shall mean the MTA.

Livingston Plaza Resolution shall mean the Transit Facilities Special Obligation Bond Resolution adopted by the Transit Authority on August 24, 1990, as amended and supplemented.

MTA Special Assistance Fund shall mean the Metropolitan Transportation Authority Special Assistance Fund established by the Issuer pursuant to section 1270-a of the Issuer Act.

Net Proceeds of Qualified Agreements shall mean all payments or moneys received by the Issuer or any other Related Transportation Entity pursuant to Qualified Agreements, which may be lawfully pledged (other than payments or moneys received as part of federal grants or subsidies or from the investment thereof), in excess of (i) regularly scheduled payments received or receivable by the Issuer or any other Related Transportation Entity from any Contracting Party which are exactly offset by regularly scheduled payments paid or payable by the Issuer or any other Related Transportation Entity to such Contracting Party and which payments are paid or payable substantially contemporaneously with the receipt or due date of such payments, (ii) payments received, or anticipated to be received, from any Contracting Party, which have been, or are required to be, applied to the payment of the costs of undertaking or financing the Capital Program Plans or other capital improvement plans relating to the Systems, (iii) repayments which are required to be made to any Contracting Party in respect of moneys received by the Issuer or any other Related Transportation Entity solely for the purposes of paying the costs of undertaking or financing the Capital Program Plans or other capital improvement plans relating to the Systems; and (iv) moneys required by the terms of a Qualified Agreement to be applied to purposes specified in the Qualified Agreement. Net Proceeds of Qualified Agreements do not constitute Operating Receipts.

New Haven Line shall mean that portion of the Commuter System as it exists on the date of the adoption of the Resolution extending from Grand Central Terminal to New Haven, Danbury, New Canaan and Waterbury, Connecticut during such periods as it is operated by the MNCRC, as the same may be modified; provided, however, that if all or any portion of such portion of the Commuter System is operated directly by the MNCRC and the fares, tolls, rentals, rates, charges, and other fees and the operating budget of such portion do not require the approval of CDOT or any federal agencies, such portion shall not be considered a part of the New Haven Line.

New Jersey Transit shall mean the New Jersey Transit Rail Operations, Inc., an instrumentality of the State of New Jersey or its successors having jurisdiction over all or any part of the Pascack Valley Line or the Port Jervis Line.

Non-Pledged Operating Subsidies shall mean (i) moneys deposited in or to be deposited in the MTA Special Assistance Fund except to the extent that the Issuer allocates such moneys to Debt Service or Operating and Maintenance Expenses and (ii) all operating subsidies or operating grants received by the Issuer, any other Related Transportation Entity or any other party on behalf of the Issuer or any other Related Transportation Entity (the disposition of which moneys is under the direction of or for the account of the Issuer or any other Related Transportation Entity) and (a) which are required to be used for purposes not related to the Systems, (b) the receipt of which is conditioned upon their application to a particular purpose whether or not related to the Systems, or (c) which are otherwise not legally available to be pledged under the Resolution.

Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Issuer payable from the Debt Service Fund, authorized by the section of the Resolution summarized under the caption "Authorization of the Obligations" and delivered pursuant to the section of the Resolution summarized under the caption "General Provisions for Issuance of Obligations," or authorized pursuant to the section of the Resolution summarized under the caption "Special Provisions for Capital Cost Obligations," *but excluding* Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

Operating and Maintenance Expenses shall mean, for any period and in respect of any System, as of any date of calculation, the aggregate amount incurred or anticipated to be incurred by the Issuer or any other Related Transportation Entity for operating and maintenance costs of such System (other than any portion of Debt Service on Obligations or payments on or in respect of Parity Debt), along with any amounts agreed to be paid by the Issuer or any Related Transportation Entity to any Person due to the use of fare media by account owners to pay for goods or services provided by such Person.

Operating Receipts shall mean (i) the fares, tolls, rentals, rates, charges and other fees received by any Related Transportation Entity, or by the Issuer or any other party on behalf of any other Related Transportation Entity (the disposition of which fares, tolls, rentals, rates, charges and other fees received by the Issuer or such other party is under the direction of or for the account of the Issuer or any other Related Transportation Entity), for the use and operation of the Systems, and (ii) any other moneys received by the Issuer or any other Related Transportation Entity or any other party on behalf of any Related Transportation Entity on account of Debt Service or Operating and Maintenance Expenses (the disposition of which moneys is under the direction of or for the account of the Issuer or any other Related Transportation Entity). Operating Receipts do not include (a) federal grants or subsidies (other than those grants or subsidies which are applied by CDOT or another instrumentality of the State of Connecticut to fund a share of the Operating and Maintenance Expenses of the New Haven Line), (b) the proceeds of Qualified Agreements, (c) the Net Proceeds of Qualified Agreements, (d) any moneys which may not be lawfully pledged or applied to the payment of either Debt Service or Operating and Maintenance Expenses, (e) Non-Pledged Operating Subsidies, (f) proceeds of the sale or other disposition of any physical assets of the Systems (except to the extent otherwise included under clause (i) above), and (g) Penn Station Concessions or Grand Central Terminal Concessions.

Operating Subsidies shall mean all operating grants or operating subsidies, other than Non-Pledged Operating Subsidies, received or to be received by the Issuer or any other Related Transportation Entity or any other party on behalf of any Related Transportation Entity (the disposition of which moneys is under the direction of or for the account of the Issuer or any other Related Transportation Entity) provided by any public benefit corporation or by any state or local governmental entity, which are legally available to be deposited in the Revenue Fund.

Parking Facilities shall mean parking facilities relating to the Commuter System which the Issuer has notified the Trustee in writing shall not be a part of the Commuter System.

Pascack Valley Line shall mean the commuter rail service operated by New Jersey Transit between Hoboken, New Jersey and Spring Valley, New York on the date of the adoption of the Resolution, as the same may be augmented or diminished.

Penn Station Concessions shall mean those moneys derived or received by the Issuer or any other Related Transportation Entity from rentals and concessions in Pennsylvania Station, New York, New York.

Port Jervis Line shall mean the commuter rail service operated by New Jersey Transit between Hoboken, New Jersey and Port Jervis, New York on the date of the adoption of the Resolution, as the same may be augmented or diminished.

Prior Lien Obligations shall mean any bonds, notes or other obligations (including any related contractual obligations) of the Issuer or the Transit Authority that were issued pursuant to a resolution adopted prior to the adoption of the Resolution, are secured by all or any portion of the Revenues and remain outstanding following the date of issuance of the initial Series of Obligations under the Resolution, including any such bonds, notes and other obligations issued under (i) the Transit Resolution, (ii) the Livingston Plaza Resolution, (iii) the Commuter Resolution, and (iv) the Grand Central Resolution.

Proceeds Account shall mean the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to the Resolution.

Proceeds Fund shall mean the Fund by that name established in the Resolution.

Qualified Agreement shall mean any lease, contract, conveyance, assignment or other agreement, grant or arrangement from which the Issuer or any other Related Transportation Entity derives payments or receives moneys, to the extent that such payments or moneys relate to the Capital Program Plans or any other capital improvements relating to the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line or relate to the sale or other disposition of any physical asset of the Systems, the Pascack

Valley Line, the Port Jervis Line or the Connecticut Line; including, without limitation, (i) agreements, capital grants or arrangements pursuant to which the Issuer or any other Related Transportation Entity receives federal, state, public benefit corporation or local aid or assistance or moneys made available or payable to the Issuer or any other Related Transportation Entity by others solely for the purpose of assisting the Issuer or any other Related Transportation Entity in the undertaking of the Capital Program Plan or any other capital improvements relating to the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line and (ii) any agreement, arrangement or court order which compels the sale of, and any agreement or arrangement pursuant to which the Issuer or any other Related Transportation Entity, sells or otherwise disposes of any physical asset constituting a part of the Systems, the Pascack Valley Line, the Port Jervis Line or the Connecticut Line. The term Qualified Agreement shall not include (a) the Resolution, the Obligations, Obligation Anticipation Notes, the Parity Debt, Subordinated Indebtedness, Subordinated Contract Obligations, Revenue Anticipation Notes, the Interagency Agreement, the Resolution Note and the MTA Note, (b) any lease, contract, conveyance, assignment or other agreement, grant or arrangement relating to Air Rights or Parking Facilities, (c) any lease, contract, conveyance or other assignment, grant or other agreement or arrangement relating to freight operations, (d) agreements, grants or arrangements pursuant to which the Issuer or any other Related Transportation Entity receives federal, state, public benefit corporation or local aid or assistance or moneys made available or payable to the Issuer or any other Related Transportation Entity by others for the purpose of paying all or a portion of the Operating and Maintenance Expenses, (e) Service Contracts and Service Contract Obligations, (f) contractual arrangements pursuant to which the Issuer or any other Related Transportation Entity sells or otherwise disposes of obsolete or worn-out facilities, and (g) Penn Station Concessions and Grand Central Terminal Concessions.

Refunding Obligations shall mean all Obligations for refunding purposes authenticated and delivered on original issuance.

Related Transportation Entity shall mean any of the MTA, MaBSTOA, the Transit Authority, MNCRC, LIRR and any Additional Related Transportation Entity.

Resolution shall mean the General Resolution Authorizing Transportation Revenue Obligations (including the Standard Resolution Provisions set forth as Annex A to the Resolution), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

Resolution Transportation District Project shall mean any Transportation District Project relating to the Systems.

Revenue Anticipation Notes shall mean any note or notes the proceeds of which are used for working capital or Operating and Maintenance Expenses issued by the Issuer or any other Related Transportation Entity (i) having a final maturity date of not more than eighteen months from the date of issuance, (ii) authorized by the Issuer or any other Related Transportation Entity only in anticipation of the receipt of (a) Operating Subsidies or (b) reimbursements relating to Operating and Maintenance Expenses, which are anticipated to be sufficient to pay in full the principal of and any net interest, on such Revenue Anticipation Notes, (iii) secured in whole or in part by a lien prior to the lien and pledge of the Resolution on such Operating Subsidies or such reimbursements and (iv) meeting the requirements of the Resolution.

Revenue Fund shall mean the Fund by that name established in the Resolution.

Revenues shall mean Operating Receipts and Operating Subsidies.

Separately Financed Project shall mean any project described as such in the Resolution.

Standard Resolution Provisions shall mean the Standard Resolution Provisions appended to the Resolution as **Annex A**.

Subaccount or Subaccounts shall mean each subaccount or all of the subaccounts established in or pursuant to Article V of the Resolution, as the case may be.

Systems shall mean the Transit System and the Commuter System including any reconfiguration of such Systems by transferring facilities included at any time in the Transit System to the Commuter System and *vice versa* or by creating one or more separate systems constituting Systems under the Resolution from facilities previously included, or which could have been included in, the Transit System or the Commuter System. Promptly after any such transfer or the establishment of a new System, the Issuer shall deliver to the Trustee a certificate of an Authorized Officer describing the Systems as then constituted.

Transit Capital Program Plan shall mean, if then required, the capital program plan from time to time in effect for the Transit System as provided in the Issuer Act.

Transit Resolution shall mean the Transit Facilities Special Obligation Resolution adopted by the Issuer on October 14, 1982, as amended and supplemented.

Transit System shall mean the facilities, equipment, devices and appurtenances, and property or property rights constituting or to constitute part of, or used or to be used in connection with the operation of any transit facility as defined in the TA Act now or hereafter owned or operated by (i) the Transit Authority, MaBSTOA or SIRTOA or (ii) any other Related Transportation Entity designated in a certificate of an Authorized Officer of the Issuer delivered to the Trustee, as the foregoing may from time to time be augmented or diminished, but excluding Air Rights.

Trust Estate shall mean, collectively, but subject to the terms and provisions of the Resolution, all right, title and interest of the Issuer in:

- (i) all Revenues and Net Proceeds of Qualified Agreements;
- (ii) the proceeds of the sale of the Obligations;
- (iii) all Funds, Accounts and Subaccounts established by the Resolution (other than funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; provided however, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof;
- (iv) the Interagency Agreement; and
- (v) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Resolution for the Obligations by the Issuer, or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized by the Resolution to receive any and all such property at any and all times, and to hold and apply the same subject to the terms of the Resolution.

(Section 102)

Standard Resolution Provisions

Except as otherwise specifically provided in the Resolution, or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 101)

Authorization of the Obligations

The Resolution authorizes Obligations of the Issuer designated as “Transportation Revenue Obligations,” which may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by a Supplemental Resolution. The Obligations shall be special obligations of the Issuer payable solely from the Trust Estate pledged to the payment thereof pursuant to the first paragraph of the section of the Resolution summarized under the caption “The Pledge Effected by the Resolution.” The aggregate principal amount of the Obligations which may be executed and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

(Section 201)

General Provisions for Issuance of Obligations

The Opinion of Bond Counsel required by the Resolution for the issuance of Obligations shall be to the effect that the Obligations are valid, binding, special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act as amended to the date of such Opinion of Bond Counsel.

(Section 202)

Special Provisions for Capital Cost Obligations

The Obligations issued to pay, or to provide for the payment of, all or part of Capital Costs included in a Capital Program Plan if a Capital Program Plan is then required. If such Capital Costs relate to facilities owned or operated by an Additional Related Transportation Entity, any operating receipts or operating subsidies (other than subsidies or grants which constitute Non-Pledged Operating Subsidies as defined in the Resolution) produced by or relating to such facilities are authorized or permitted to be deposited in the Revenue Fund and pledged to secure the payment of Obligations issued under the Resolution, free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution on the Trust Estate pursuant to the Resolution, and a Supplemental Resolution providing for such deposit and pledge has become effective under the Resolution; provided, however, that any Additional Related Transportation Entity may, but shall not be required to, make any such deposit or create or have become effective any such pledge prior to the issuance of Obligations for the Capital Costs of such Additional Related Transportation Entity.

(Section 203)

Refunding Obligations

In addition to refinancings permitted under the section of the Resolution summarized under the captions “Special Provisions for Capital Cost Obligations” and “Obligations to Refund Pre-Existing Indebtedness,” one or more Series of Refunding Obligations issued to refund (including by redemption,

payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt.

(Section 204)

Obligations to Refund Pre-existing Indebtedness

Obligations may be issued for the purpose of refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) or substituting the security or sources of payment for any Pre-existing Indebtedness.

Any Series of Obligations issued for the purpose of refunding any Pre-existing Indebtedness shall be so authenticated and delivered only upon receipt by the Trustee, in addition to the documents required by the section of the Resolution summarized under the caption “General Provisions for the Issuance of Obligations,” of an Opinion of Bond Counsel to the effect that such Pre-existing Indebtedness has been exchanged, paid or is deemed to have been paid within the meaning and with the effect expressed in the related authorizing resolution or other document, which opinion may rely upon a certificate of an Authorized Officer or an independent verification agent to the effect that sufficient money and defeasance securities have been placed in escrow to provide for the payment of the principal or Redemption Price of, and interest on, such Pre-existing Indebtedness as such obligations mature, are tendered for purchase or exchange, or are called for redemption in accordance with the related authorizing resolution or other document. The proceeds received on the sale of such Obligations shall be applied in the manner provided in the Supplemental Resolution authorizing such Obligations and in any related escrow agreement.

Any Series of Obligations issued for the purpose of substituting the security or sources of payment for any Pre-existing Indebtedness shall be so authenticated and delivered (i) only upon receipt by the Trustee of documents required in connection with such substitution under the terms of the applicable series resolution authorizing the bonds the security for which is being substituted and (ii) without delivery of the items required by the section of the Resolution summarized under the caption “General Provisions for Issuance of Obligations” except to the extent such items are required under the applicable series resolution.

(Section 205)

Separately Financed Projects; Revenue Anticipation Notes

Nothing in the Resolution prevents the Issuer or any other Related Transportation Entity from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Issuer Act or by other then-applicable State statutory provisions, or from financing any such project from other available funds (any such project being referred to herein as a “Separately Financed Project”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project are payable solely from funds not pledged to the payment of Obligations, including amounts released from the lien of the Resolution.

Nothing in the Resolution shall prevent the Issuer or any other Related Transportation Entity from authorizing or issuing Revenue Anticipation Notes. Prior to the issuance of Revenue Anticipation Notes, an Authorized Officer shall deliver a certificate to the Trustee certifying as to the Operating Subsidies or reimbursements in anticipation of which such Revenue Anticipation Notes are being issued. Such note or notes shall contain or have endorsed thereon a designation by the Issuer that such note or notes constitute Revenue Anticipation Notes under the Resolution or words of similar import, as may be determined by an Authorized Officer of the Issuer prior to the authentication thereof.

(Section 206)

Redemption at Demand of the State or the City

Except as otherwise provided pursuant to a Supplemental Resolution, either the State or the City may, upon furnishing sufficient funds therefor, require the Issuer to redeem all or any portion of the Obligations as provided in the Issuer Act.

(Section 401)

The Pledge Effected by the Resolution

There are pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for the Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Trust Estate. *The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of Prior Lien Obligations, is (i) subordinate in all respects to the pledge thereof created to secure such Prior Lien Obligations and (ii) subject to the covenants and agreements made with the owners of Prior Lien Obligations; and, so long as any Prior Lien Obligations remain outstanding and unpaid, no payment shall be made therefrom, whether for interest, principal or premium on any of the Obligations, except as and to the extent permitted by the related authorizing resolutions or other trust documents. In order to provide for the payment of the Obligations and Parity Debt and the fulfillment of its covenants and agreements under the Resolution so long as any Prior Lien Obligations remain outstanding and unpaid (during which time the pledge of Revenues shall be of no force and effect), the Issuer covenants that it shall immediately after the satisfaction of the requirements of any debt service fund or debt service reserve fund relating to the Prior Lien Obligations, but subject to the covenants and agreements made with the owners of all Prior Lien Obligations then outstanding, transfer or cause to be transferred to the Trustee (A) all amounts on deposit in the Revenue Fund under the Transit Resolution and available for transfer to the MTA, the Transit Authority or MaBSTOA pursuant to the provisions of Section 504(5) of the Transit Resolution, (B) all amounts on deposit in the General Fund under the Commuter Resolution, and (C) all amounts held in any fund or account under either the Livingston Plaza Resolution or the Grand Central Resolution and available for release therefrom.*

The pledge created by the Resolution shall in all respects secure on a pari passu basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

The pledge created by the Resolution shall be valid and binding from and after the date of issuance and delivery of the first Obligations, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Subject to the provisions described above, and except as provided in the next paragraph, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

Notwithstanding any other provision of the Resolution, the pledge of the Trust Estate, insofar as such Trust Estate includes Operating Subsidies or reimbursements in anticipation of which Revenue Anticipation Notes shall at any time be issued, shall be subordinate to the pledge of any such Operating Subsidies or reimbursements securing such Revenue Anticipation Notes.

Nothing contained in this caption shall be construed as limiting any authority granted to the Issuer elsewhere in the Resolution to issue or incur Obligation Anticipation Notes, Revenue Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Issuer to issue any other bonds, notes or other obligations under the Issuer Act secured by any other amount or funds other than the Trust Estate.

(Section 501)

Establishment of Funds and Accounts

The Resolution establishes a Revenue Fund, a Proceeds Fund and a Debt Service Fund.

Each such Fund shall initially consist of the Account and Subaccounts, if any, established or permitted by the Resolution. Additional Funds, Accounts and Subaccounts may be established by the Issuer in its discretion with the Funds and Accounts established pursuant to the Resolution; the establishment of such Accounts or Subaccounts shall be evidenced by the delivery by Issuer to the Trustee of a certificate of an Authorized Officer.

Amounts held at any time by the Issuer or the Trustee in any of the Funds, Accounts or Subaccounts initially established pursuant to the Resolution or in any other Fund, Account or Subaccount established by the Issuer pursuant to the Resolution shall be held in trust separate and apart from all other funds.

If so requested by the Issuer, the Revenue Fund may be maintained in accounts maintained for the benefit of the Trustee at other financial institutions which meet the standards set forth in the Standard Resolution Provisions, provided that the Trustee (i) approves such financial institutions and (ii) receives an Opinion of Counsel, satisfactory in form and substance to the Trustee, to the effect that the maintenance of such accounts and the deposit of moneys therein will not adversely affect the validity and priority of the pledges set forth in the section of the Resolution summarized above under the caption "The Pledge Effected by the Resolution." The Standard Resolution Provisions are not restricted or limited by the foregoing provision.

(Section 502)

Proceeds Fund and Application Thereof

The Issuer shall establish within the Proceeds Fund a Costs of Issuance Account, a Proceeds Account and such other Accounts as the Issuer deems necessary and desirable, and the Issuer or any Authorized Officer of the Issuer may establish within each such Account separate Subaccounts for each Series of Obligations.

The Issuer shall pay into the Proceeds Fund and each Account and Subaccount, if any, therein, such amounts as shall be provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes.

Amounts in each such Account and Subaccount, if any, shall, unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes, be applied solely to the payment of Capital Costs in the manner and upon such conditions, if any, as the Issuer may provide in such Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes; provided, however, that, subject to the provisions of the resolution authorizing Obligation Anticipation Notes relating to the application of the proceeds thereof, if on any interest payment date or Principal Installment due date, the amounts in the Debt Service Fund shall be less than Debt Service payable on such date, the Issuer shall apply amounts from the Proceeds Fund to the extent necessary to make up the deficiency.

(Section 503)

Revenue Fund, Revenues and Application Thereof

The Issuer shall transfer to the Trustee for deposit into the Revenue Fund all Revenues as soon as practicable after the receipt thereof. The Trustee shall deposit promptly all amounts in the Revenue Fund into the following funds and accounts, in the amounts and in the order of priority, as follows:

(a) payment to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service to the last day of the current calendar month; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt to the last day of the current calendar month;

(b) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;

(c) transfer to the Issuer for deposit in the Proceeds Fund as directed in writing by an Authorized Officer of the Issuer; and

(d) transfer to such accounts held by the Issuer or any other Related Transportation Entity as an Authorized Officer of the Issuer shall specify in writing to the Trustee.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) or transferred pursuant to clause (d) of this caption shall be free and clear of the lien and pledge created by the Resolution.

(Section 504)

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date the amount required for the Principal Installment (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such due date, and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Trustee shall, upon the direction of the Issuer, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself as Trustee or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Obligations, or (c) deposit such amounts in any Fund, Account, or Subaccount established under the Resolution; provided, however, that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution and (ii) at the time of and giving effect to such withdrawal and refunding, there shall exist no deficiency in any Fund, Account or Subaccount established under the Resolution.

If at any time the amount on deposit in the Debt Service Fund exceeds the amount then required to be on deposit therein, the Trustee shall at the request of Issuer, subject to the provisions of the Supplemental Resolution governing any Subordinated Indebtedness then Outstanding, transfer to the Issuer the amount of such excess free and clear of the lien and pledge of the Resolution.

(Section 505)

Subordinated Indebtedness; Subordinated Contract Obligations

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to the Resolution, provided, however, that, except as provided in the fourth paragraph of this caption, (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

Subordinated Indebtedness shall be issued for one or more of the purposes for which Obligations could be issued and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes, provided that in the case of the issuance of Subordinated Indebtedness for the purpose of paying Capital Costs such Capital Costs need not be included in a Capital Program Plan.

The Issuer shall have the right to covenant with the Owners from time to time of Subordinated Indebtedness and with Persons to whom Subordinated Contract Obligations run to add to the conditions, limitations and restrictions under which any additional Obligations may be issued or Parity Debt may be incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the owners of such obligations to declare the same, nor to instruct such owners' trustee to declare the same, to be immediately due and payable prior to the time that all Obligations and Parity Debt have become due and payable.

In connection with any Subordinated Indebtedness or Subordinated Contract Obligations representing amounts made available under any federal or State program or guaranteed or otherwise supported or secured under any federal or State program, such Subordinated Indebtedness or Subordinated Contract Obligations, may, to the extent provided in the resolution or other agreement relating to such Subordinated Indebtedness or Subordinated Contract Obligation and upon the occurrence of certain bankruptcy related events as provided in such resolution or other agreement, be secured by a pledge of and security interest in the Trust Estate on a parity with the Obligations and Parity Debt.

(Section 506)

Compliance with Laws Relating to Appropriation

The Issuer covenants and agrees to take all actions on its part and to comply with all laws, and to cause each Related Transportation Entity to take all actions on its respective part and to comply with all laws, required for the Issuer or any Related Transportation Entity to receive any Operating Subsidies.

(Section 602)

Agreement of the State; No Bankruptcy; General Assignment and Other Proceedings

In accordance with the Issuer Act, the Issuer does include the pledge and agreement of the State with the Owners of the Obligations that the State will not limit or alter the denial of authority under the

Issuer Act, or the rights vested in the Issuer by the Issuer Act to fulfill the terms of any agreement made with such Owners, or in any way impair the rights and remedies of such Owners until such agreements, bonds, notes and obligations with such Owners, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Issuer is liable in connection with any action or proceeding by or on behalf of such Owners, are fully met and discharged; provided, however, nothing contained in this caption or elsewhere in the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes producing any Operating Subsidies.

The Issuer shall not make, and shall cause each other Related Transportation Entity not to make, a general assignment for the benefit of creditors, or institute any other proceeding seeking to adjudicate any of them a bankrupt or insolvent, or claim or take the benefit or advantage of any stay or extension law or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seek reorganization, arrangement, adjustment or composition of any of them or the debts of any of them under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or otherwise seek the appointment of a receiver, trustee, custodian or other similar official for any of them or for any substantial part of the property of the Systems, or with respect to the Issuer, any property which, in the opinion of the Trustee, shall adversely affect or impair the rights or remedies of the Owners of Obligations or Parity Debt Owners; and none of them shall take any action to authorize or effect any of the actions set forth above in this paragraph.

(Section 603)

Application of Net Proceeds of Qualified Agreements

The Issuer shall, at all times, following the initial issuance and delivery or entering into of any Obligations or Parity Debt (i) require each other Related Transportation Entity to deposit with the Issuer on the Business Day immediately following their receipt, the Net Proceeds of Qualified Agreements received by any of them as is required under the Interagency Agreement, and (ii) deposit into the appropriate Proceeds Accounts or Subaccounts on the Business Day immediately following receipt thereof from each such other Related Transportation Entity, or the receipt thereof by the Issuer, the Net Proceeds of Qualified Agreements; provided, however, that the Issuer or any other Related Transportation Entity, as the case may be, shall not be deemed to be in receipt of Net Proceeds of Qualified Agreements by reason of the receipt of proceeds of Qualified Agreements, until such time as it shall reasonably and in good faith determine that such proceeds, or any part thereof, constitute Net Proceeds of Qualified Agreements. The Issuer shall make such determination as soon as is reasonably practical. The Net Proceeds of Qualified Agreements in any Proceeds Account shall be deposited in all the Accounts and Subaccounts in the Proceeds Fund on such basis as is specified in a certificate delivered to the Trustee by an Authorized Officer of the Issuer.

(Section 604)

Compliance with and Enforcement of Interagency Agreement

The Issuer shall, at all times, comply with the obligations of the Issuer contained in the Interagency Agreement and shall require each other Related Transportation Entity to comply with their obligations as set forth therein.

(Section 605)

Amendments of Interagency Agreement

So long as any Obligations or Parity Debt shall remain Outstanding the Issuer shall not alter, change, modify or amend any provision of the Interagency Agreement so as to affect adversely (a) the interest of the Owners of the Outstanding Obligations without the prior written consent of the Owners of at least a majority in aggregate principal amount of the Obligations then Outstanding, or (b) in case less than

all of the Obligations then Outstanding are affected by the alteration, change, modification or amendment, the Owners of not less than a majority in aggregate principal amount of the Obligations so affected then Outstanding; provided, however, that if such alteration, change, modification or amendment will, by its terms, not take effect so long as any Obligations of any specified maturity remain Outstanding, the consent of the Owners of such Obligations shall not be required, and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this caption; and provided further, that no such alteration, change, modification or amendment shall decrease the amount of any payment required to be made under the Interagency Agreement or extend the time of payment thereof. The Interagency Agreement may be altered, changed, modified or amended in a manner that will not adversely affect the Owners of the Outstanding Obligations without the consent of the Owners of the Outstanding Obligations. For the purposes of this caption, Obligations shall be deemed to be affected by an alteration, change, modification or amendment of the Interagency Agreement if the same adversely affects or diminishes the rights of the Owners of the Obligations. Neither the addition of any Related Transportation Entity as a party to the Interagency Agreement nor inclusion of federal grants or subsidies within any one or more of the definitions of "Revenues," and "Net Proceeds of Qualified Agreements" in the Interagency Agreement shall be deemed to adversely affect the rights of the Owners of the Obligations. The Trustee may, in its discretion, determine whether or not, in accordance with the foregoing powers of alteration, change, modification or amendment, any particular Obligations would be affected by any alteration, change, modification or amendment of the Interagency Agreement.

(Section 606)

Segregation of Certain Funds

The Issuer shall, at all times, comply, and cause each Related Transportation Entity to comply, with all terms and conditions of governmental financing programs mandating the segregation of federal or other governmental funds from other funds of the Issuer or any Related Transportation Entity, as the case may be, and requiring the application of federal or other governmental funds for designated purposes.

(Section 607)

Indebtedness

Except as permitted by the section of the Resolution summarized above under the caption "Separately Financed Projects; Revenue Anticipation Notes," the Issuer shall not, and shall cause each other Related Transportation Entity not to, incur any indebtedness, secured by a pledge of any of the Trust Estate prior to the release thereof which is due on demand or which provides the owners thereof the right to declare any payments thereunder (whether at the maturity of principal or on the due date of interest or upon redemption or prepayment) not otherwise due and payable, except in the event all Obligations and Parity Debt are then due and payable.

(Section 608)

Operation and Maintenance

The Issuer and each other Related Transportation Entity shall at all times operate, or cause to be operated, the Systems properly and in a sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. Nothing contained in the Resolution shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the Systems if, in the judgment of the Issuer it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the Systems and such arrangement shall not materially interfere with the ability of the Issuer to

comply with the section of the Resolution summarized below under the caption “Rate Covenants” and provided further that the sale-leaseback or the lease-leaseback of any portion of the Systems or other similar contractual arrangements, the effect of which is that the Issuer continues to retain control of such portion of the Systems for use in operation, shall not constitute a lease or disposition of such portion of the Systems for purposes of this caption.

(Section 609)

Rate Covenants

The Issuer shall establish, levy and, directly or indirectly, collect such fares, tolls, rentals, rates, charges and other fees, and cause each other Related Transportation Entity to establish, levy or, directly or indirectly, collect such fares, tolls, rentals, rates, charges and other fees, and, in the case of joint service arrangements, join with others in the establishment, levy and collection of such fares, tolls, rentals, rates, charges and other fees, with respect to the Systems, as shall, in the judgment of the Issuer, be sufficient, together with other money available or anticipated to be available therefor (*including* the anticipated receipt of proceeds of sale of Obligations, notes or other obligations or evidences of indebtedness of the Issuer that will be used to pay the principal of Obligations issued in anticipation of such receipt) to pay (i) all Debt Service, all other amounts due on Parity Debt, debt service on all Subordinated Indebtedness then outstanding, and amounts due on all Subordinated Contract Obligations, (ii) all Operating and Maintenance Expenses (giving effect to any reductions or deferrals or anticipated reductions or deferrals thereof), and (iii) all other amounts payable from or constituting a lien or charge on the Revenues of the Systems, in each case as the same become respectively due and payable.

(Section 610)

Budgetary Provisions

Prior to the commencement of the fiscal year commencing January 1, 2002 and each fiscal year thereafter, the Issuer will prepare or will cause each Related Transportation Entity to prepare a description of the inspection, maintenance and repair programs to be conducted during the ensuing fiscal year with respect to the Systems or the portion of the Systems then being operated by such Related Transportation Entity, as appropriate. The Issuer shall adopt operating budgets for each Related Transportation Entity or shall cause each Related Transportation Entity to adopt operating budgets for each fiscal year which shall include provision for the estimated cost of conducting such inspection, maintenance and repair programs. Promptly after the adoption of such operating budgets, copies of such program descriptions and operating budgets shall be furnished to an Independent Engineer who shall be requested to furnish to the Issuer, after conducting such inspections or surveys of the Systems and of the inspection, maintenance and repair programs of the Systems as such Independent Engineer may deem appropriate for such purposes, a Certificate to the effect that (i) the described inspection, maintenance and repair programs relating to each of the Systems (a) are reasonable and appropriate and (b) are sufficient reasonably to assure the continued operation of such System as a whole consistent with the requirements of law and the Resolution, and (ii) the estimated cost of conducting the described inspection, maintenance and repair programs is logically derived and reasonable and adequate provision for such cost has been made in the operating budget.

A copy of the certificate furnished by the Independent Engineer pursuant to the previous paragraph of this caption shall be filed with the Trustee and the Issuer. In the event the Independent Engineer notifies the Issuer that it is unable to issue such certificate in respect of any System, the Issuer, within thirty days of such notice, shall make or shall cause the affected Related Transportation Entity or Entities to make such changes in the inspection, maintenance and repair programs and such changes in operating budgets as shall be necessary to permit the Independent Engineer to issue such a Certificate.

Whenever the agreement of CDOT is required in order for the Issuer or the MNCRC to satisfy the provisions of this caption, the Issuer shall use its best efforts to obtain the agreement of CDOT; provided, however, that if the Issuer uses its best efforts to obtain such agreement, the failure to obtain such

agreement and the consequent failure to comply with the provisions of this caption insofar as it relates to the New Haven Line shall not be deemed to be a breach of the covenants contained in this caption.

(Section 611)

Events of Default

Each of the following events is defined as and shall constitute an “Event of Default” under the Resolution:

(1) there shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation after the same shall become due, whether at maturity or by call for redemption, or otherwise and such default shall continue for a period of 30 days, or

(2) there shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting an event specified in any other paragraph of this caption, provided, however, that such failure or refusal shall have continued for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and provided further, that if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Issuer within such period and is being diligently pursued.

(3) The State or any Final Judgment shall limit or alter the denial of authority under the Issuer Act to the Issuer, the Transit Authority or MaBSTOA or under the TA Act to the Transit Authority, or, subject to the provision of the Resolution summarized above in the first paragraph of the caption entitled “Agreement of the State; No Bankruptcy; General Assignment and Other Proceedings,” shall limit or alter the rights and powers vested in the Issuer by the Issuer Act or the Transit Authority and its subsidiaries in the TA Act to fulfill the terms of any agreements made by it with the owners of any notes, bonds or lease or other obligations, or in any way impair the rights and remedies of such owners until such agreements and all such obligations, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Issuer is liable in connection with any action or proceeding by or on behalf of such owners, are fully met and discharged.

(4) The pledge created in the section of the Resolution summarized under the caption “The Pledge Effected by the Resolution” shall, at any time and for any reason, cease to be in full force and effect or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than holders of Prior Lien Obligations, Obligation Anticipation Notes, Revenue Anticipation Notes and, to the extent provided in the section of the Resolution summarized under the caption “Subordinated Indebtedness; Subordinated Contract Obligations,” the holders of Subordinated Indebtedness or Subordinated Contract Obligations).

(Section 701)

Powers of Trustee

In the event that any Event of Default specified in the section of the Resolution summarized under the caption “Events of Default” shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

- (1) bring suit upon the Obligations against the Issuer;
- (2) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Obligations; or

(3) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

Subject to the provisions of the preceding caption, the remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute; provided, however, that the Trustee or the Owners of the Obligations shall not have the right to declare all Obligations to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The Trustee shall in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Resolution or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

The Issuer covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Issuer will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

(Section 702)

Priority of Payments After Default

In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, or the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the amounts to be received under the Interagency Agreement or otherwise to protect the interest of the Owners of the Obligations, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, shall be applied as follows:

Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and

Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

(Section 703)