

TRUST AGREEMENT

Dated as of _____, 2016

between

PUERTO RICO AQUEDUCT AND SEWER AUTHORITY REVITALIZATION

CORPORATION

as Issuer

and

[TRUSTEE],

as Trustee

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TRUST AGREEMENT dated and effective as of _____, 2016, between PUERTO RICO AQUEDUCT AND SEWER AUTHORITY REVITALIZATION CORPORATION, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the “Issuer”), and [TRUSTEE], a national banking association existing under the laws of the United States of America and having an office in the Borough of Manhattan, City and State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to examination by federal authority (including any successor thereto, the “Trustee”).

RECITALS

The Issuer has the power under Article 5(a)(3) of Act No. 68 of the Legislature of Puerto Rico, approved July 12, 2016, as amended (the “Act”), to issue its bonds and to pledge as security for the payment of the principal of and interest on such bonds financing property created pursuant to the Act and a financing resolution adopted pursuant to the Act;

The Issuer adopted a financing resolution on [] (the “Financing Resolution”), pursuant to which the Issuer, inter alia, has authorized the creation of financing property, the issuance of bonds in a principal amount not to exceed the amount specified in the Financing Resolution, the pledge of such financing property to the payment of the bonds; and the execution and delivery of this Trust Agreement to order for provide for the issuance of such bonds and the payment thereof.

GRANTING CLAUSE

The Issuer hereby Grants to the Trustee at the Initial Issuance Date, as Trustee for the benefit of the Holders of the Bonds, the Ancillary Agreement Providers and the Trustee, all of the Issuer’s right, title and interest in and to (a) the Financing Property (created pursuant to Article 5(a)(3) of the Act and Ordering Paragraph [3] of the Financing Resolution) and all proceeds thereof, including the Revitalization Charges as estimated, determined and adjusted from time to time pursuant to the Servicing Agreement and in accordance with the Financing Resolution, (b) the Servicing Agreement, (c) the Depository Agreement and all of the Issuer’s rights in and to the Allocation Account, (d) the Calculation Agent Agreement, (e) subject to provisions of Section 8.07, the Collection Account (including all Subaccounts thereof) and all amounts or investment property on deposit therein or credited thereto from time to time, (f) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, securities accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind, and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing and (g) all proceeds of the foregoing (collectively, the “Collateral”; it being understood that none of the following constitute Collateral: (1) to the extent payable to the Issuer, amounts released in accordance with the terms hereof as a result of the exercise of the right to recover Operating Expenses; (2) the amounts applied, or to be applied, to pay Upfront Financing Costs with respect to the Bonds as deposited into the Upfront Financing Costs Subaccount (together with any

interest earnings thereon); or (3) any financing property created pursuant to any financing resolution other than the Financing Resolution (unless provided otherwise in the financing resolution relating to such financing property).

The foregoing Grants are made to the Trustee in trust to secure the payment of principal of, interest on, and all other amounts owing in respect of the Bonds and Ancillary Agreements, including all amounts payable to the Trustee under this Trust Agreement and the other Financing Documents and all amounts payable to the Ancillary Agreement Providers under the Ancillary Agreements, this Trust Agreement or otherwise, equally and ratably without prejudice, priority or distinction, except as expressly provided in this Trust Agreement (including, for the avoidance of doubt, the priority of payment provisions hereof), and to secure compliance with the provisions of this Trust Agreement with respect to the Bonds, all as provided in this Trust Agreement (collectively, the “Secured Obligations”).

The foregoing Grants of the Issuer’s right, title and interest in and to the Collateral (i) are supplemental to the Statutory Lien, (ii) shall not affect the validity or perfection of the Statutory Lien, and (iii) shall be effective with respect to any portion of the Collateral only to the extent the Statutory Lien is not effective to create a valid and perfected first-priority Lien in such portion of the Collateral that secures all Secured Obligations so that such Grants create a valid and perfected first-priority Lien in such portion of the Collateral that secures all Secured Obligations that are not secured by such Statutory Lien.

The Trustee, as trustee on behalf of the Holders of the Bonds and the Ancillary Agreement Providers and as agent for itself, acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions hereof and agrees to perform its duties specifically required herein.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Bonds are to be issued, countersigned and delivered and that all of the Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Trustee and its successors in said trust, for the benefit of the Holders, the Ancillary Agreement Providers and the Trustee, as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions.

Capitalized terms used but not otherwise defined herein have the respective meanings assigned to them in Appendix A hereto.

Section 1.02 Rules of Construction. Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect from time to time;

- (c) “or” is not exclusive;
- (d) “including” means including without limitation;
- (e) words in the singular include the plural and words in the plural include the singular;
- (f) words of the masculine gender shall mean and include correlative words of the feminine and neuter genders;
- (g) words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons, and shall include successors and assigns;
- (h) each time of day shall be local time in The City of New York, New York, except as otherwise specified herein;
- (i) each reference to Bonds includes portions thereof in Minimum Denominations;
- (j) unless otherwise noted herein as referring only to Current Interest Bonds, each reference to the terms “principal” or “principal amount” shall include Accreted Value of any Capital Appreciation Bonds or Convertible Bonds;
- (k) unless otherwise noted herein, each reference to the term “Payment Date” shall include the “Distribution Date” with respect to any Capital Appreciation Bond or Convertible Bond;
- (l) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or other subdivision;
- (m) all references in this Trust Agreement to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Trust Agreement; and
- (n) except as otherwise specified herein, UCC terms shall have the meanings given to such terms in the UCC.

ARTICLE II **THE BONDS**

Section 2.01 Authorization of Bonds. There are hereby authorized to be issued pursuant to and for the purposes specified in the Act and the Financing Resolution multiple Series of Bonds, not to exceed the principal amount set forth in the Financing Resolution.

Section 2.02 Terms of Bonds. The Bonds may be issued in one or more Series, each consisting of one or more Tranches, and shall be designated generally as the “Revitalization Bonds” of the Issuer, with such further particular designations added or incorporated in such title

for the Bonds of any particular Series and Tranche as provided in any Supplemental Trust Agreement. Each Bond shall bear the designation so selected for the Series and Tranche to which it belongs. All Bonds of any Series or Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, except as otherwise provided in this Trust Agreement.

The Bonds of each Series shall be created by the Supplemental Trust Agreement authorized by an Authorized Officer of the Issuer, which Supplemental Trust Agreement shall specify and establish the terms and provisions thereof, including the following (which terms and provisions may differ as between Series and Tranches):

- (a) designation of any Series and any Tranches thereof;
- (b) the principal amount of each Series (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);
- (c) the Bond interest rate or interest rate computation method;
- (d) the Payment Dates for interest on and/or principal or Redemption Price of the Bonds;
- (e) the Scheduled Maturity Date and Final Maturity Date for each Tranche of a Series of the Bonds; provided that the period between the Scheduled Maturity Date and the Final Maturity Date for each such Tranche will be two years;
- (f) the Expected Amortization Schedule and Expected Sinking Fund Schedule for any Term Bonds;
- (g) the Issuance Date;
- (h) the Authorized Denominations;
- (i) any additional redemption provisions for the Bonds;
- (j) the place or places for the payment of interest, principal and premium, if any;
- (k) whether or not the Bonds are to be book-entry Bonds and the extent to which Section 2.16 should apply;
- (l) the forms of the Bonds;
- (m) provisions relating to whether such Bonds are secured by the Debt Service Reserve Subaccount, the establishment or funding of any existing or newly created Debt Service Reserve Subaccount, or the payment of any Surety Provider; and

(n) any other terms of the Bonds (or Tranches thereof) that are not inconsistent with the provisions of this Trust Agreement, the Act or the Financing Resolution and, except with respect to the Initial Issuance Date, as to which the Rating Agency Condition is satisfied.

Section 2.03 Form.

The Bonds and the Trustee's certificate of authentication shall be in substantially the forms attached hereto as Exhibits A, B and C, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Trust Agreement and more particularly set forth in the applicable Supplemental Trust Agreement. The Bonds may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

The Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing such Bonds, as evidenced by their execution of such Bonds.

Pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures, "CUSIP" numbers may be printed on the Bonds. The Bonds may bear such endorsement or legend satisfactory to the Trustee as may be required to conform to usage or law with respect thereto.

Unless otherwise directed by the Issuer, the Bonds of each Series shall be numbered from R-1 upward, unless otherwise determined by the Trustee and approved by the Issuer.

The Bonds shall contain a statement to the following effect: "The Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer."

Section 2.04 Execution, Authentication and Delivery.

The Bonds shall be executed on behalf of the Issuer by any of its Authorized Officers. The signature of any such Authorized Officer on the Bonds may be manual or facsimile.

Bonds bearing the manual or facsimile signature of individuals who were at any time Authorized Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

At any time and from time to time after the execution and delivery of this Trust Agreement, the Issuer may deliver Bonds executed by the Issuer to the Trustee pursuant to an Issuer Order for authentication; and the Trustee shall authenticate and deliver such Bonds as provided in this Trust Agreement and not otherwise.

No Bond shall be entitled to any benefit under this Trust Agreement or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Trustee by the manual signature of

one of its authorized signatories, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

Section 2.05 Registration; Registration of Transfer and Exchange.

The Issuer shall cause to be kept a register (the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Bonds and the registration of transfers and exchanges of Bonds. The Issuer shall cause the Bond Registrar to designate, by a written notification to the Trustee, a specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

The Trustee shall be “Bond Registrar” for the purpose of registering Bonds and transfers of Bonds as herein provided. Upon any resignation of any Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Bond Registrar. Any Person other than the Trustee undertaking to act as Bond Registrar shall first execute a written agreement, in form satisfactory to the Trustee, to perform the duties of a Bond Registrar under this Trust Agreement, which agreement shall be filed with the Trustee.

If a Person other than the Trustee is appointed by the Issuer as Bond Registrar, the Issuer will give the Trustee prompt written notice of the appointment of such Bond Registrar and of the location, and any change in the location, of the Bond Register, and the Trustee shall have the right to inspect the Bond Register at all reasonable times and to obtain copies thereof, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Bond Registrar by a Responsible Officer thereof as to the names and addresses of the Holders of the Bonds and the principal amounts and number of such Bonds.

Upon surrender for registration of transfer of any Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, the Issuer shall execute, and the Trustee shall authenticate and the Bondholder shall obtain from the Trustee, in the name of the designated transferee or transferees, one or more new Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount; provided, however, if any such surrendered Bond shall have become or within 15 days shall be due and payable, instead of issuing a replacement Bond, the Trustee may pay such surrendered Bond when so due and payable without surrender thereof.

At the option of the Holder, Bonds may be exchanged for other Bonds in any Minimum Denominations, of a like Series and Tranche and aggregate principal amount, upon surrender of the Bonds to be exchanged at the designated office of the Bond Registrar or its agent. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and the Bondholder shall obtain from the Trustee, the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Trust Agreement, as the Bonds surrendered upon such registration of transfer or exchange.

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Bonds, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Bonds.

The preceding provisions of this Section notwithstanding, the Issuer shall not be required to make and the Bond Registrar need not register transfers or exchanges of any Bond during the period from and including the Record Date for any payment with respect to the Bond to and excluding such payment date.

Section 2.06 Mutilated, Destroyed, Lost or Stolen Bonds.

If (i) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by it to hold the Issuer and the Trustee harmless, then, in the absence of notice to the Issuer, the Bond Registrar or the Trustee that such Bond has been acquired by a protected purchaser, the Issuer shall execute and, upon its request, the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a replacement Bond of like Series, Tranche, tenor and principal amount, bearing a number not contemporaneously Outstanding; provided, however, that if any such destroyed, lost or stolen Bond, but not a mutilated Bond, shall have become or within seven (7) days shall be due and payable, instead of issuing a replacement Bond, the Issuer may pay such destroyed, lost or stolen Bond when so due or payable, without surrender thereof. If, after the delivery of such replacement Bond or payment of a destroyed, lost or stolen Bond pursuant to the proviso to the preceding sentence, a protected purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such replacement Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Bond from such Person to whom such replacement Bond was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

Upon the issuance of any replacement Bond under this Section, the Issuer may require the payment by the Holder of such Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Bond issued pursuant to this Section in replacement of any mutilated, destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Trust Agreement equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.07 Persons Deemed Owner.

Prior to due presentment for registration of transfer of any Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name any Bond is registered (as of the day of determination) as the owner of such Bond for the purpose of receiving payments of principal of and interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 2.08 Payment of Principal and Interest; Interest on Overdue Principal; Principal and Interest Rights Preserved.

(a) Any installment of interest or principal payable on any Bond which is punctually paid or duly provided for by the Issuer on the Payment Date shall be paid to the Person in whose name such Bond (or one or more Predecessor Bonds) is registered on the Record Date for such Payment Date by check mailed first-class, postage prepaid to such Person's address as it appears on the Bond Register on such Record Date; provided, however, that (i) upon application to the Trustee by any Holder owning Bonds of any Series in the principal amount of \$10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) with respect to Book-Entry Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond and as required by the operational rules and procedures of the Clearing Agency unless and until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above) and except for the final installment of principal payable with respect to such Bond on a Payment Date, which shall be payable as provided below. The funds represented by any such checks returned undelivered shall be held in accordance with Section 3.03.

(b) The principal of each Bond of any Series and Tranche shall be paid, to the extent funds are available therefor in the Collection Account, in installments on each Payment Date. Notwithstanding the foregoing, installments of principal not paid or redeemed when scheduled to be paid or redeemed in accordance with the Expected Amortization Schedule or Expected Sinking Fund Schedule shall be paid or redeemed upon receipt of money available for such purpose, on the next Payment Date, to the Registered Holder on the applicable Record Date, in the order set forth in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, subject to the general priority of payment of principal set forth, and subject to prior redemption as provided, in the applicable Supplemental Trust Agreement. No Tranches

shall receive principal payments until all Tranches with earlier Scheduled Maturity Dates have been paid in full, unless (i) a failure to fully retire Bonds on the Final Maturity Date Occurs with respect to two or more Tranches, in which case a principal payment shall be made pro rata with respect to such Tranches, or (ii) there is an acceleration of the Bonds following an Event of Default in accordance with Article V in which case principal of all Tranches will be paid on a pro rata basis. Subject to the provisions below, failure to pay principal or, with respect to Bonds constituting Term Bonds, Redemption Price in accordance with such Expected Amortization Schedule or Expected Sinking Fund Schedule, as the case may be, because money is not available pursuant to Section 8.02 to make such payments shall not constitute an Event of Default under this Trust Agreement; provided, however, that, except as provided in Section 5.02 hereof, failure to pay the entire unpaid principal amount of the Bonds of any Series or Tranche upon the Final Maturity Date of such Series or Tranche shall constitute an Event of Default, and the entire unpaid principal amount of the Bonds shall be due and payable, if not previously paid, on any other date on which an Event of Default shall have occurred and be continuing, if the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal on the Bonds shall be made pro rata to the Holders entitled thereto unless otherwise provided herein with respect to any Tranche. The Trustee shall notify the Person in whose name a Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Bond will be paid. Such notice shall be mailed by first class mail, postage prepaid, no later than five (5) days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Bond and shall specify the place where such Bond may be presented and surrendered for payment of such installment.

(c) Interest shall continue to accrue on each overdue and unpaid installment of principal on any Bond until such overdue installment of principal is paid.

(d) If the Issuer defaults in a payment of interest on the Bonds when due, the Issuer shall be required to pay such defaulted interest (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Bondholders on a subsequent special record date, which date shall be at least five (5) Business Days prior to the payment date. The Issuer shall fix or cause to be fixed any such special record date and payment date, and, at least 20 days before any such special record date, the Trustee shall mail to each affected Bondholder, by first class mail, postage prepaid, a notice that states the special record date, the payment date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

Section 2.09 Cancellation.

All Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bonds shall be authenticated in lieu of or in exchange for any Bonds

cancelled as provided in this Section, except as expressly permitted by this Trust Agreement. All cancelled Bonds may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time.

Section 2.10 Authentication and Delivery of Bonds.

On any Issuance Date, the Bonds shall be executed by the Issuer and delivered to the Trustee for authentication and thereupon the same shall be authenticated and delivered by the Trustee upon Issuer Request and upon receipt by the Trustee (or other satisfaction) of all of the following upon which the Trustee may conclusively rely to the extent permitted to so rely under Article VI hereof:

(a) Issuer Action; Application of Proceeds of Bonds and Other Moneys. An Issuer Order authorizing and directing the Trustee to authenticate and deliver Revitalization Bonds, each to be registered in the name of Cede & Co., as nominee of DTC, and to confirm its custody of the Bonds to DTC in New York, New York, so that the Bonds may be credited to or upon the order of the Holder or the Underwriters named in said Issuer Order, upon, (i) payment of any purchase price specified therein, or (ii) the receipt and cancellation of any PRASA Bond, and directing the application of any proceeds of any Series of Bonds to the payment of Approved Financing Costs and if applicable, Upfront Financing Costs authorized by the Financing Resolution, all as may be further provided in any Supplemental Trust Agreement.

(b) Certificates of the Issuer.

(i) An Officer's Certificate from the Issuer, dated as of the Issuance Date:

(A) to the effect that the Issuer has duly authorized the execution and delivery of this Trust Agreement and the applicable Supplemental Trust Agreement and the execution, authentication and delivery of the Bonds, and the principal amount of the Bonds does not exceed the maximum amount of Bonds authorized to be issued pursuant to the Financing Resolution;

(B) to the effect that the Issuer is not in Default under this Trust Agreement or any Supplemental Trust Agreement, and that the issuance of the Bonds applied for will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the PRASA Trust Agreement or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject that would, or could be expected to, have a material adverse effect on the Bonds; and that all conditions precedent provided in this Trust Agreement and the applicable Supplemental Trust Agreement relating to the authentication and delivery of the Bonds have been complied with;

(C) to the effect that all instruments furnished to the Trustee pursuant to this Trust Agreement and the applicable Supplemental Trust Agreement

conform to the requirements set forth in this Trust Agreement and such Supplemental Trust Agreement and constitute all of the documents required to be delivered hereunder and thereunder for the Trustee to authenticate and deliver the Bonds applied for, and all conditions precedent provided for in this Trust Agreement and the applicable Supplemental Trust Agreement relating to the authentication and delivery of the Bonds have been complied with;

(D) to the effect that the Issuer has not assigned any interest or participation in the Collateral except for the Lien of this Trust Agreement and of the Act; the Issuer has the power and right to Grant the Collateral to the Trustee as security hereunder; and the Issuer; subject to the terms of this Trust Agreement, has Granted to the Trustee a first priority Lien in all of its right, title and interest in and to such Collateral free and clear of any Lien, mortgage, pledge, charge, security interest, adverse claim or other encumbrance, except the Lien of this Trust Agreement and of the Act;

(E) to the effect that the Issuer has appointed a firm of Independent certified public accountants as contemplated in Section 8.06;

(F) to the effect that attached thereto are duly executed, true and complete copies of the Servicing Agreement, Depository Agreement, and the Calculation Agent Agreement, and that such agreements have not been further amended or supplemented; and

(G) to the effect that the attached copy of the Financing Resolution, and any Award Resolution and the Designee Certificate are true and correct and have not been further amended or supplemented by the Issuer, as the case may be, and are in full force and effect and are final and not appealable.

(c) Opinion of Counsel. An Opinion of Counsel from a nationally recognized bond counsel, dated the Issuance Date, in each case subject to customary exceptions, qualifications and assumptions contained therein (and upon which the Trustee shall be entitled to rely), to the collective effect that:

(i) the Issuer is duly organized and is validly existing as a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico and has the power and authority to execute and deliver this Trust Agreement, the applicable Supplemental Trust Agreement and the other Financing Documents and to issue the Bonds;

(ii) this Trust Agreement and the applicable Supplemental Trust Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity

or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iii) the Bonds have been duly authorized and executed and, when authenticated in accordance with the provisions of the Financing Resolution, the Trust Agreement and the applicable Supplemental Trust Agreement and when delivered against payment or exchange as provided in the Supplemental Trust Agreement, will constitute legal, valid and binding obligations of the Issuer, entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, as the enforceability thereof may subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought; by operation of Article 7(j)(2) of the Act, the provisions of this Trust Agreement create a first priority Statutory Lien on the Collateral in favor of the Trustee for the benefit of the Bondholders and the Ancillary Agreement Providers, and the Statutory Lien is valid, perfected and enforceable against the Issuer and all third parties without any further public notice;

(iv) the Bonds are exempt from the registration requirements under the Securities Act; and

(v) (A) the Financing Resolution has been duly authorized and issued by the Issuer in accordance with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (B) the Financing Resolution and the process by which it was issued comply with all applicable Commonwealth of Puerto Rico laws, rules and regulations, including the Act; (C) the Financing Resolution is in full force and effect and has not been amended or modified; (D) any authorization by, registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution, delivery and issuance by the Issuer of the Bonds, and the execution and delivery by the Issuer of the Trust Agreement and the applicable Supplemental Trust Agreement, and the other Financing Documents, has been obtained; (E) as of the issuance of the Bonds, the Bonds are entitled to the protections provided under the Act and the Financing Resolution, and (F) the Servicer is authorized to file True-Up Adjustments to the Revitalization Charges pursuant to the Adjustment Mechanism to the extent necessary to ensure the timely recovery of revenues sufficient to provide for the payment of all principal and interest on the Bonds and all other Financing Costs.

(d) Opinion of Counsel. An Opinion of Counsel, portions of which may be delivered by counsel for the Issuer, by counsel for the Servicer, or by other counsel satisfactory to the Trustee, dated the Issuance Date, in each case subject to customary exceptions, qualifications and assumptions contained therein (and upon which the Trustee shall be entitled to rely), to the collective effect that:

(i) the Issuer is not an “investment company” or under the “control” of an “investment company” as such terms are defined under the Investment Company Act of 1940, as amended, or is exempt pursuant to Section 2(b) thereof;

(ii) the Servicing Agreement is the legal, valid and binding agreement of the parties thereto enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought;

(iii) the Depository Agreement is the legal, valid and binding agreement of PRASA and the Issuer enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought; and

(iv) the Calculation Agent Agreement is the legal, valid and binding agreement of PRASA and the Issuer enforceable in accordance with its terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting the rights of creditors generally, whether theretofore or thereafter enacted, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) including that the availability of specific performance or injunctive relief is subject to the discretion of the court before which any such proceeding is brought.

(e) Accountant’s Letter. Such letter or letters of a firm of independent certified public accountants of recognized national reputation as may be required by any Bond Agreement.

(f) Debt Service Reserve Subaccounts. On the Initial Issuance Date, the deposits into the Debt Service Reserve Subaccounts of cash and Surety Bonds in an amount equal to the related Required Debt Service Reserve Levels, shall be made as follows:

(i) Debt Service Reserve Subaccount:

(1) cash or proceeds of Bonds in an amount equal to [__]% of the Outstanding Amount of the Revitalization Bonds; and

(2) [];

(ii) []:

In the case of Additional Bonds, the deposits into the Debt Service Reserve Subaccounts of cash and Surety Bonds shall be made in an amount equal to the related Required Debt Service Reserve Levels.

(g) Upfront Financing Costs Subaccount. The deposit into the Upfront Financing Costs Subaccount of cash in an amount equal to the Upfront Financing Costs specified in the Supplemental Trust Agreement.

(h) Reserved.

(i) Additional Bonds. In the case of any Additional Bonds, the requirements of Section 3.09(b) shall have been satisfied with respect to such Additional Bonds.

(j) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as may be required by any Supplemental Trust Agreement, or by the Issuer in its discretion or as the Trustee may reasonably require.

Section 2.11 Release of Collateral.

The Trustee shall release property from the Lien of this Trust Agreement only as specified in Section 8.04.

Section 2.12 Tax Withholding.

Amounts properly withheld under the Code or other tax laws by any Person from a payment to any Holder of interest or principal shall be considered as having been paid by the Issuer to such Holder for all purposes of this Trust Agreement.

Section 2.13 Covenants of the Commonwealth; Related Representations and Warranties.

The Issuer is authorized and directed as agent of the Commonwealth to include the covenants in (a) through (e) below (the “Commonwealth Pledge”) in the Bonds, as an agreement of the Commonwealth in this Trust Agreement, and in the marketing and offering materials relating to the Bonds.

(a) Bonds Free from Taxation. Pursuant to Article 7(n)(1) of the Act, neither the Financing Property, nor the Revitalization Charges and Revitalization Charges Revenues, regardless of whether the Issuer is the owner of the Financing Property, shall be subject to any fees, taxes, special ad valorem levies or assessments of any kind, including income taxes, franchise taxes, sales taxes or other taxes or payments or contributions in lieu of taxes. Pursuant to Article 7(n)(2) of the Act, the Commonwealth covenants with the purchasers and with all subsequent owners and transferees of Bonds, in consideration of the acceptance of and payment for the Bonds, that the Bonds and the income therefrom and all revenues, money, and other property pledged to pay or to secure the payment of such Bonds shall at all times be free from taxation.

(b) Limitations on Bankruptcy and other Insolvency Proceedings. Pursuant to Article 13 of the Act, notwithstanding any provision of the Act or any other law of the Commonwealth to the contrary, prior to the date that is one year and one day after the Issuer no longer has any Bonds Outstanding or any Ancillary Agreement with payment obligations that have or may become due thereunder, the Issuer shall have no authority to file, and shall not file, a petition for relief as a debtor under any chapter of the federal bankruptcy code or any other bankruptcy, insolvency, debt composition, moratorium, receiver or similar federal laws or any Commonwealth bankruptcy, moratorium, debt adjustment, composition or similar laws permitting stay or delay of payment or discharge or reduction in amount owed on any Bonds as may, from time to time, be in effect, and no public officer, organization, entity or other Person shall authorize the Issuer to be or become a debtor under Chapter 9 of the Federal Bankruptcy Act or similar federal law or any such Commonwealth law during such period. The Commonwealth hereby covenants with the holders of the Parity Obligations that the Commonwealth will not limit or alter the denial of authority under Article 13 of the Act during the period referred to in the preceding sentence.

(c) No Issuance of Additional Debt Secured by the Financing Property. Pursuant to Article 13 of the Act, the Commonwealth further covenants, pledges and agrees with the holders of any Bonds and with those Persons that enter into contracts with the Issuer, including parties to any Ancillary Agreement, pursuant to the provisions of the Act, that after the issuance of Bonds, the Commonwealth will not authorize the issuance of debt by any public corporation and governmental instrumentality of the Commonwealth or any other Person which indebtedness is secured by the Financing Property or any other rights and interests in rates, charges, taxes or assessments that are separate from rates and charges of PRASA and that are imposed upon Customers to recover the ongoing financing costs of such debt, if upon the issuance of such debt the security for the Bonds or such Ancillary Agreements shall be materially impaired. It shall be presumed that such security shall not be materially impaired if upon the issuance of such debt, the credit ratings for the then Outstanding Bonds (without regard to any third-party credit enhancement) shall not have been reduced or withdrawn.

(d) No Limitation on Rights Conferred in the Act. Pursuant to Article 13 of the Act, the Commonwealth further covenants, pledges and agrees with the holders of any Bonds issued under the Act and with those Persons that enter into other contracts with the Issuer, including parties to any Ancillary Agreement, pursuant to the provisions of the Act, that it shall not limit, alter, impair, postpone or terminate the rights conferred in the Act, the Financing Resolution and related agreements, including the requirements in Articles 6 and 7 as well as Chapter II of the Act, until the Bonds and the interest thereon are paid or legally defeased in accordance with their terms and such other contracts are fully performed and honored on the part of the Issuer.

(e) No Action to Limit Rights under Financing Resolution. Pursuant to Article 13 of the Act, the Commonwealth also covenants, pledges and agrees with the holders of the Bonds and with those Persons that enter into other contracts with the Issuer, pursuant to the provisions of the Act, that after the issuance of the Bonds, neither the Commonwealth nor any agency, public corporation, municipality or instrumentality thereof shall take or permit any action to limit, alter, reduce, impair, postpone or terminate the rights conferred in the Financing Resolution, including those relating to the Revitalization Charges and the Adjustment Mechanism, as the same may be adjusted from time to time pursuant to the Financing Resolution

in a manner that impairs the rights or remedies of the Issuer or the holders of the Bonds, parties to any Ancillary Agreement or any Financing Entity or the security for the Bonds or Ancillary Agreements, or that impairs the Financing Property or the billing or collection of Revitalization Charge Revenues, nor shall the amount of revenues arising with respect to Financing Property be subject in any way to limitation, alteration, reduction, impairment, postponement or termination by the Commonwealth or any agency, public corporation, municipality or instrumentality thereof except as contemplated by the Adjustment Mechanism.

(f) Reliance on Pledge by the Commonwealth. Pursuant to Article 13 of the Act, the Issuer hereby acknowledges that the purchase of any Bond by a Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform hereunder are made in reliance on such agreements and pledges by the Commonwealth of Puerto Rico.

(g) Issuer Representation. The Issuer hereby represents and warrants to the Trustee, for the benefit of the Bondholders and the Ancillary Agreement Providers, that the Bonds constitute "bonds" under Article 3(4) of the Act, that the Bonds are entitled to the protections provided in Article ____ of the Act, and that the Holder of the Bonds shall be, to the extent permitted by Commonwealth and federal law and this Trust Agreement, entitled to enforce such sections of the Act.

Section 2.14 Security Interest.

The Issuer hereby makes the following representations: (a) Other than the Lien of this Trust Agreement, it has not pledged, granted, sold, conveyed or otherwise assigned any interest or security interest in the Collateral, (b) the Bonds and the obligations of the Issuer under any Ancillary Agreements are secured by the Statutory Lien in favor of the Holders of the Bonds and parties to such Ancillary Agreements, (c) the Lien on the Collateral, which is a first lien, continuously perfected security interest, will arise upon issuance of the Bonds without the need for any action or authorization by the Issuer or the Board of the Issuer, and no financing or continuation statements or other filings need to be filed in order to perfect such security interest (d) the Lien on the Collateral is valid and binding from the time the Bonds or Ancillary Agreements, as applicable, are executed and delivered. The Collateral shall be immediately subject to the Lien, and the Lien shall immediately attach to the Collateral and be effective, binding, and enforceable against the Servicer, its creditors, their successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those Persons have notice of the Lien and without the need for any physical delivery, recordation, filing, or further act.

The Issuer represents that the Lien of this Trust Agreement is (i) supplemental to the Statutory Lien, (ii) shall not affect the validity or perfection of the Statutory Lien, and (iii) shall be effective with respect to any portion of the Collateral only to the extent the Statutory Lien is not effective to create a valid and perfected first-priority Lien in such portion of the Collateral so that the Lien created by this Trust Agreement creates a valid and perfected first-priority Lien in such portion of the Collateral that is not secured by the Statutory Lien. The Statutory Lien is created by the Act and not by any security agreement and may be enforced by the Trustee, the Holders of the Bonds and the Ancillary Agreement Providers, as provided in this Trust Agreement.

Notwithstanding the foregoing, the Issuer shall file any initial financing statements, and the Trustee hereby agrees to file any continuation statements, which in the case of the Collateral shall be for informational purposes only, describing the pledge and referring to the Financing Resolution and the Financing Property and Collateral described therein under Article 9 of the UCC.

Section 2.15 Limitation of Liability for Payments.

All payments or distributions made to Holders of Bonds under this Trust Agreement, of Operating Expenses and of any expenses of the Issuer to be paid or incurred that are not specifically denominated as an Operating Expense shall be made only from the Collateral and only to the extent that the Trustee shall have sufficient income or proceeds from the Collateral to make such payments in accordance with the terms of Article VIII of this Trust Agreement. Except as otherwise provided in this Trust Agreement, each Holder of a Bond, by acceptance of such Bond, agrees that it will look solely to the income and proceeds from the Collateral to the extent available for payment and distribution to such Holder as provided in this Trust Agreement.

As provided in Article 4(g) of Act 83 dated May 2, 1941, as amended, neither the directors of the Issuer nor any Person executing the Bonds shall be liable personally thereon or be subject to any personal or corporate liability or accountability solely by reason of the issuance thereof. The Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

Section 2.16 Book-Entry and Definitive Bonds.

(a) The Bonds may be issued in the form of one or more typewritten certificates representing Book-Entry Bonds, to be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Issuer. In such case, the Bonds delivered to The Depository Trust Company shall initially be registered on the Bond Register in the name of Cede & Co., the nominee of the initial Clearing Agency, and no Bondholder will receive a definitive Bond representing such Bondholder's interest in the Bonds, except as provided in Section 2.16(f). Unless and until definitive, fully registered Bonds ("Definitive Bonds") have been issued pursuant to Section 2.16(f):

(i) the provisions of this Section 2.16(a) shall be in full force and effect with respect to the Bonds;

(ii) the Issuer, the Paying Agent, the Bond Registrar and the Trustee may deal with the Clearing Agency for all purposes (including without limitation the making of payments and distributions on the Bonds and giving notices of redemption) as the authorized representative of the Bondholders and in accordance with the Clearing Agency's rules and procedures;

(iii) to the extent that the provisions of this Section 2.16 conflict with any other provisions of this Trust Agreement, the provisions of this Section 2.16 shall control;

(iv) the rights of Bondholders shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Bondholders and the Clearing Agency Participants; and until Definitive Bonds are issued pursuant to Section 2.16(e), the Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit payments and distributions of principal of and interest on the Bonds to such Clearing Agency Participants; and

(v) whenever this Trust Agreement requires or permits actions to be taken based upon instructions or directions of Bondholders holding Bond's representing a specified percentage of the aggregate Outstanding Amount of Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received written instructions to such effect from Bondholders or Clearing Agency Participants owning or representing, respectively, Bonds representing such percentage of the aggregate Outstanding Amount of Bonds, and has delivered such instructions to the Trustee; the Trustee shall have no obligation to determine whether the Clearing Agency has in fact received any such instructions.

(b) Whenever notice or other communication to the Holders of Bonds issued in the form of Book-Entry Bonds is required under this Trust Agreement and the applicable Supplemental Trust Agreement, unless and until Definitive Bonds shall have been issued pursuant to Section 2.16(e), the Trustee shall give all such notices and communications specified herein to be given to Holders of Bonds to the Clearing Agency.

(c) Except in the case of payment upon maturity or redemption if the book-entry system is not in effect, any provision of this Trust Agreement and the applicable Supplemental Trust Agreement permitting or requiring the delivery of Bonds shall, while the book-entry system is in effect, be satisfied by the notation on the books of the Clearing Agency, of the transfer of the beneficial owner's interest in such Bond.

(d) With respect to Bonds registered in the name of a Clearing Agency (or its nominee) neither the Trustee nor the Issuer shall have any obligation to any of its members or participants or to any Person on behalf of whom an interest is held in the Bonds.

(e) So long as the book-entry system is in effect, the Trustee and Paying Agents shall comply with the terms of all agreements with and operational requirements of DTC.

(f) If (i) a Clearing Agency advises the Trustee in writing that a Clearing Agency is no longer willing or able to properly discharge its responsibilities with respect to the Bonds, and the Trustee or the Issuer is 'unable to locate a qualified successor, (ii) the Issuer at its option advises the Trustee in writing that it elects to terminate the book-entry system through a Clearing Agency with respect to the Bonds, subject to applicable policies of such Clearing Agency, or (iii) after the occurrence of an Event of Default, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds advise the Clearing Agency and the Trustee in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Bondholders, then the Clearing Agency shall notify all Bondholders and the Trustee of the occurrence of any such event and of the availability of Definitive Bonds to Bondholders requesting the same. Upon surrender to the

Trustee of the typewritten certificate or certificates representing the Book-Entry Bonds by the Clearing Agency, accompanied by registration instructions, and upon written direction by the Issuer and delivery to the Trustee by the Issuer of executed Definitive Bonds, the Trustee shall authenticate such Definitive Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Bond Registrar or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Bonds, the Trustee shall recognize the Holders of the Definitive Bonds as Bondholders.

ARTICLE III **COVENANTS**

Section 3.01 Payment of Principal and Interest.

The Issuer will duly and punctually pay the principal of and redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Trust Agreement and the applicable Supplemental Trust Agreement.

Section 3.02 Maintenance of Agent for Registration of Exchanges and Transfers.

The Issuer hereby appoints the Trustee as its agent to receive all Bonds that are surrendered for registration of transfer or exchange. Such surrenders shall be received at the Corporate Trust Office of the Trustee.

Section 3.03 Money for Payments To Be Held in Trust.

As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(e) shall be made on behalf of the Issuer by the Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments of Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

The Issuer will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Trustee notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(d) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Bonds if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(e) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Trust Agreement or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheat of funds, any money held by the Trustee or any Paying Agent in trust for the payment of any amount due with respect to the principal of or interest or premium on any Bond and remaining unclaimed for two (2) years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request and, subject to Section 11.16, the Holder of such Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer and forming a part of the Collateral), and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in a newspaper published in the English language customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Trustee or of any Paying Agent, at the last address of record for each such Holder).

Section 3.04 Protection of Collateral.

The Issuer will from time to time execute and deliver all such supplements and amendments hereto and except to the extent required to be made by the Servicer, make all such filings contemplated by the Act and the Financing Resolution, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) maintain or preserve the Lien and security interest (and the priority thereof) of this Trust Agreement or carry out more effectively the purposes hereof;

(b) perfect the security interest of this Trust Agreement to the extent such security interest is perfectible pursuant to the UCC and any other provisions of applicable law;

(c) publish notice of or protect the validity of any Grant made or to be made by this Trust Agreement;

(d) enforce any of the Collateral;

(e) preserve and defend title to the Collateral and the rights of the Trustee and the Bondholders in such Collateral against the claims of all Persons and parties, including without limitation the challenge by any party to the validity or enforceability of the Financing Resolution, any True-Up Letter or the Financing Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Commonwealth of Puerto Rico, or the Authority of any of their respective obligations or duties under the Act, the Financing Resolution or any True-Up Letter or under the Financing Documents; or

(f) pay any and all taxes levied or assessed against all or any part of the Collateral.

The Issuer hereby designates the Trustee its agent and attorney-in-fact with authorization to execute and/or file on behalf of the Issuer, except to the extent required to be filed or furnished by the Servicer, any filings pursuant to the Financing Resolution or other instrument required by the Trustee pursuant to this Section, it being understood that the Trustee shall have no such obligation.

Section 3.05 Performance of Obligations; Certain Filings; Servicing.

(a) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its reasonable efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly permitted in this Trust Agreement, the Servicing Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons to assist it in performing its duties under this Trust Agreement and any applicable Supplemental Trust Agreement, and any performance of such duties by a Person identified to the Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer; provided, for the avoidance of doubt, no such contract or arrangement shall relieve the Issuer of any of its obligations under this Trust Agreement or any Supplemental Trust Agreement. Initially, the Issuer has contracted with the Administrator and the Servicer to assist the Issuer in performing its duties under this Trust Agreement and the applicable Supplemental Trust Agreement.

(c) The Issuer will punctually perform and observe, or cause the Administrator or the Servicer to punctually perform and observe, all of its obligations and agreements contained in this Trust Agreement and the applicable Supplemental Trust Agreement, in the Financing Documents and in the instruments and agreements included in the Collateral, including filing or causing to be filed all filings pursuant to the Act or the Financing Resolution required to be filed by it by the terms of this Trust Agreement, the applicable Supplemental Trust Agreement and/or

the Financing Documents in accordance with and within the time periods provided for herein and therein. Except as otherwise expressly permitted therein, the Issuer shall not waive, amend, modify, supplement or terminate any Financing Document or any provision thereof without the written consent of the Trustee (such consent shall not be withheld if (i) the Trustee shall have received an Officer's Certificate stating that such waiver, amendment, modification, supplement or termination shall not adversely affect in any respect the interests of the Bondholders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto) or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

(d) The Issuer shall enforce the Servicer's compliance with all of the Servicer's obligations under the Servicing Agreement, including, but not limited to causing the Servicer to obtain meter reads, calculate water and sewer usage, maintain record of service agreements, calculate the initial Revitalization Charge, calculate the periodic adjustments to the Revitalization Charges, bill the Revitalization Charges to the Customers as a separate line item on PRASA's bills and collect (from Customers and Third Party Billers, as applicable) all Revitalization Charge Collections, all in accordance with the Financing Resolution, this Trust Agreement and the Servicing Agreement. If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, the Issuer shall promptly give written notice thereof to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies, and shall specify in such notice the action, if any, the Issuer is taking with respect of such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Financing Property, including the Revitalization Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

As promptly as possible after the giving of notice to the Servicer and the Trustee of termination of the Servicer's rights and powers pursuant to Section [6.01] of the Servicing Agreement, the Issuer, subject to certain conditions set forth in the Servicing Agreement, shall appoint a successor Servicer (the "Successor Servicer") with the Trustee's prior written consent thereto (such consent shall not be unreasonably withheld and shall be given upon the written direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Trustee. If within 30 days after the delivery of the notice referred to above, the Issuer shall not have obtained such a Successor Servicer, the Trustee, at the expense of the Issuer, may petition a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, the Issuer may make such arrangements for the compensation of such successor as it and such Successor Servicer shall agree, subject to the limitations set forth in the Financing Resolution, and to the limitations set forth in Article VIII herein and to the limitations set forth in the Servicing Agreement, and in accordance and in compliance with Section [6.04] of the Servicing Agreement, the Issuer shall enter into an agreement with such successor for the servicing of the Financing Property (such agreement to be in form and substance satisfactory to the Trustee).

(e) The Issuer will, or will cause the Servicer on behalf of the Issuer to, calculate the initial Revitalization Charge and to adjust the Revitalization Charges at any time if the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding

Amount of the Eligible Bonds determines that such adjustment is required to assure the timely payment of the principal of and interest on the Bonds and all other Ongoing Financing Costs; provided, however, that no such adjustment shall delay any True-Up Adjustment already in progress.

(f) Any amounts received from or on behalf of a Customer that represent a partial payment of a bill containing both Revitalization Charges and PRASA Charges shall be allocated pro rata between the Revitalization Charges and PRASA Charges set forth on such bill.

(g) The Trustee may enforce the obligations of the Servicer under the Servicing Agreement.

(h) Any assignment by the Servicer of any or all of its obligations under the Servicing Agreement to any successor pursuant to Section [5.04(i)] of the Servicing Agreement upon satisfaction of the Rating Agency Condition shall also be subject to the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

(i) Reserved.

(j) Reserved.

(k) The Trustee is authorized to take any and all actions under Section [6.04] of the Servicing Agreement regarding a successor Servicer.

(l) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, the Trustee shall promptly notify the Issuer, the Bondholders, the Ancillary Agreement Providers and the Rating Agencies. As soon as a Successor Servicer is appointed, the Issuer shall notify the Trustee, the Bondholders, the Ancillary Agreement Providers and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(m) Without derogating from the absolute nature of the assignment granted to the Trustee under this Trust Agreement or the rights of the Trustee hereunder, the Issuer agrees that it will not, without the prior written consent of the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, supplement, termination, waiver or surrender of, the terms of any Collateral or the Financing Documents, or waive timely performance or observance of any term by the Servicer under the Servicing Agreement; provided, however, that no such consent of any such party shall be required with respect to any agreements between the Servicer and others for the performance of duties under the Servicing Agreement, upon satisfaction of the Rating Agency Condition, if applicable, and any other applicable requirements of Section 3.09(b) of this Trust Agreement, to accommodate the issuance of Additional Bonds. If any such amendment, modification, supplement or waiver shall be so consented to by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments,

consents and other documents as shall be necessary or appropriate in the circumstances. The Issuer agrees that no such amendment, modification, supplement or waiver shall adversely affect the Holders of the Bonds Outstanding at the time of any such amendment, modification, supplement or waiver, except as otherwise agreed to by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds. For the avoidance of doubt, the provisions of this paragraph shall not limit, and shall be subject to, Section 9.02 of this Trust Agreement.

(n) Upon the consent of (i) the Trustee or (ii) the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, the Issuer may enter into one or more servicing, billing or collection agreements with one or more servicers and other agents and provide for the appointment of co-servicer or sub-servicer upon the occurrence of such events as the Issuer, being advised by its consultants, determines enhances the marketability of the Bonds or as the Issuer or the Trustee deems appropriate to ensure the timely and full payment of the Bonds and all Ongoing Financing Costs.

Section 3.06 Depository.

(a) So long as any Bonds are Outstanding and any Financing Costs have not been paid in full, the Issuer shall ensure that a depository arrangement, substantially identical to the Depository Agreement, remains in effect to provide for the escrowing and allocation of collections from Customers between PRASA and the Issuer, as authorized by Article 6 of the Act. The Issuer covenants that the Depository shall at all times be a third-party collection agent and financial institution acceptable to the Trustee and the Issuer that is (i) organized under and subject to the regulations and laws of the United States or any State, (ii) neither affiliated with PRASA, the Commonwealth or its instrumentalities, public corporations, or municipalities, and (iii) shall have a capital and surplus of not less than \$1 billion. In the event that the Depository is discharged or shall no longer satisfy these requirements, or shall give notice of its intention to resign, the Issuer shall promptly give notice of such events to the Trustee, the Ancillary Agreement Providers and the Rating Agencies.

(b) The Issuer, the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may terminate the Depository Agreement or remove the Depository at any time upon 30 days' prior written notice to the other parties to the Depository Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies. In the event that the Depository should resign or be discharged, the Issuer shall with the approval of the Trustee, or the Trustee may, and at the direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, shall, take all necessary action to cause a new Depository to be appointed. Upon the appointment of a successor Depository by the Issuer or the Trustee, as the case may be, such party shall give notice to the other party and to the Administrator, the Servicer, the Ancillary Agreement Providers and the Rating Agencies of such appointment and shall not be effective until the Rating Agency Condition is satisfied.

(c) The Trustee shall be entitled to enforce the obligations of the Depository under the Depository Agreement.

(d) The consent of the Trustee shall be required for any assignment or amendment of the Depository Agreement.

(e) The Issuer will pay, but solely from the Collateral, all costs of the Depository as Ongoing Financing Costs which shall be recovered from Revitalization Charge Revenues.

(f) The Issuer shall not amend or modify the Depository Agreement in any manner adverse to the interests of the Bondholders without the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

Section 3.07 Calculation Agent.

(a) So long as any Bonds are Outstanding and any Financing Costs have not been paid, the Issuer shall retain the services of a calculation agent to confirm the calculation of the Revitalization Charges prepared by the Servicer in accordance with the Servicing Agreement and the Calculation Agent Agreement. Any Calculation Agent shall be an Independent financial, consulting or auditing firm with expertise in utility finances, and shall be acceptable to the Trustee, provided that the initial Calculation Agent is deemed to be acceptable to the Trustee.

(b) The Issuer, the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may terminate the Calculation Agent Agreement or remove the Calculation Agent at any time upon 30 days' prior written notice to the other parties to the Calculation Agent Agreement, to the Trustee, the Ancillary Agreement Providers, and the Rating Agencies. In the event that the Calculation Agent should resign or be discharged, the Issuer shall with the approval of the Trustee, or the Trustee may, and at the direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, shall, take all necessary action to cause a new Calculation Agent to be appointed. Upon any appointment, the Issuer or the Trustee, as the case may be, shall give notice to the Issuer, the Trustee, the Servicer, the Ancillary Agreement Providers and the Rating Agencies of such appointment.

(c) In the event of a dispute between the Servicer and the Calculation Agent, the Issuer shall promptly appoint an Independent third party expert (a "dispute calculation agent") to resolve the matter. In the event that the Issuer shall fail to appoint or retain a dispute calculation agent acceptable to the Trustee or to appoint an expert to resolve any conflicts, the Trustee may, and upon the direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, the Trustee shall, be authorized to appoint a dispute calculation agent. Notice of such appointment shall be promptly given to the Issuer, the Trustee, the Servicer, the Ancillary Agreement Providers and the Rating Agencies of such appointment. The Issuer and the Trustee agree to abide by the recommendation of the Calculation Agent or expert.

(d) The Trustee shall be entitled to enforce the obligations of the Calculation Agent under the Calculation Agent Agreement.

(e) The consent of the Trustee shall be required for any assignment or amendment of the Calculation Agent Agreement.

(f) The Issuer will pay, but solely from the Collateral, all costs of the Calculation Agent (or any expert) as Ongoing Financing Costs which shall be recovered from Revitalization Charge Revenues.

(g) The Issuer shall not amend or modify the Calculation Agent Agreement in any manner adverse to the interests of the Bondholders without the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

Section 3.08 Negative Covenants.

So long as any Bonds are Outstanding and any Financing Costs that have or may become due have not been paid in full, the Issuer shall not:

(a) except as expressly permitted by this Trust Agreement, sell, transfer, exchange or otherwise Grant or dispose of any of, or assign any interest in, the Collateral, unless directed to do so by the Trustee in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Bonds (other than amounts properly withheld from such payments under the Code or other tax law) or assert any claim against any present or former Bondholder by reason of the payment of the taxes levied or assessed upon any part of the Collateral;

(c) take any action to dissolve, liquidate, in whole or in part, transfer or sell all or substantially all of its assets, or merge or consolidate, directly or indirectly, with any Person;

(d) take any action to terminate its existence unless adequate provision has been made for the payment of the Issuer's Outstanding Bonds, notes or other obligations;

(e) own any assets or property other than the Financing Property, incidental personal property necessary for the ownership and operation of the Financing Property and any Investment Grade securities in accordance with the terms of the Bonds;

(f) (i) permit the validity or effectiveness of this Trust Agreement to be impaired, or permit the Lien of this Trust Agreement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Bonds under this Trust Agreement except as may be expressly permitted hereby, (ii) permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the Lien of this Trust Agreement and the Statutory Lien) to be created by the Issuer on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof, except as permitted by this Trust Agreement or (iii) subject to the Statutory Lien, permit the Lien of this Trust Agreement not to constitute a valid first priority security interest in the Collateral;

(g) prior to the date that is one year and one day after the Issuer no longer has any Bonds Outstanding or any Ancillary Agreement with payment obligations that have or may become due thereunder, file or allow the filing of a petition for relief as a debtor under any chapter of the federal bankruptcy code or any other bankruptcy, insolvency, debt composition,

moratorium, receiver or similar federal laws or any Commonwealth bankruptcy, moratorium, debt adjustment, composition or similar laws permitting stay or delay of payment or discharge or reduction in amount owed on any Bonds as may, from time to time, be in effect, and no public officer, organization, entity or other Person shall authorize the Issuer to be or become a debtor under Chapter 9 or similar federal law or any such Commonwealth law during such period; or

(h) take any action which is subject to a Rating Agency Condition without satisfying the Rating Agency Condition.

Section 3.09 No Borrowing; Additional Bonds; Other Revitalization Bonds and Parity Reimbursement Obligations.

(a) The Issuer shall not have the power or the authority to issue, incur, assume, guarantee or otherwise become obligated or liable, directly or indirectly, for any indebtedness or other obligations, other than the Bonds, except as expressly set forth in this Section 3.09.

(b) Additional Bonds.

(i) The Issuer may issue one or more Series of Additional Bonds after the Initial Issuance Date to refund Outstanding Bonds for net present value savings to the Issuer, provided (1) an Event of Default shall not have occurred and be continuing, except for any Event of Default that will be cured upon the issuance of such Additional Bonds, and (2) the issuance of such Additional Bonds meet the Rating Agency Condition.

(ii) The Issuer may issue one or more Series of Additional Bonds after the Initial Issuance Date in addition to Additional Bonds authorized by clause (i) above provided that:

(A) an Event of Default shall not have occurred and be continuing, except for any Event of Default that will be cured upon the issuance of such Additional Bonds;

(B) the requirements of Sections 2.02 and 2.10 are met with respect to each issuance of Additional Bonds;

(C) the Issuer, the Trustee and the Servicer shall have received an Independent Certificate of a financial advisor or engineer to the effect that sufficient Financing Property has been created by Financing Resolution No. 1 in order that Revitalization Charges may be billed and collected thereunder sufficient to pay the Financing Costs of the Bonds Outstanding prior to the issuance of the Additional Bonds plus the Financing Costs of the Additional Bonds;

(D) the issuance of such Additional Bonds meet the Rating Agency Condition; and

(E) All Additional Bonds shall be issued as Revitalization Bonds.

(c) Other Revitalization Bonds.

The Issuer may issue one or more Series of Other Revitalization Bonds after the Initial Issuance Date provided that:

(i) an Event of Default shall not have occurred and be continuing, except for any Event of Default that will be cured upon the issuance of such Other Revitalization Bonds;

(ii) the Issuer shall have entered into a trust agreement, other than this Trust Agreement, pursuant to which the Other Revitalization Bonds shall be issued;

(iii) a financing resolution other than Financing Resolution No. 1 shall be in place under which there shall have been created Other Financing Property and the new revitalization charges to be billed and collected thereunder will be sufficient to pay the financing costs of such Other Revitalization Bonds;

(iv) the Other Revitalization Bonds shall be supported by and payable solely from the Other Financing Property and shall have no claim on or interest in the Financing Property created by Financing Resolution No. 1; and

(v) the issuance of such Other Revitalization Bonds meets the Rating Agency Condition with respect to the Bonds issued hereunder.

(d) Parity Reimbursement Obligations.

The Issuer may incur Parity Reimbursement Obligations; provided, however, that the incurring of a Parity Reimbursement Obligation pursuant to any Ancillary Agreement [(other than the Surety Bonds and the Surety Bond Agreements delivered on the Initial Issuance Date)], and the execution of any Ancillary Agreement after the Initial Issuance Date, shall be subject to (1) the Rating Agency Condition and (ii) shall require the prior written consent of the Trustee.

Section 3.10 Guarantees, Loans, Advances and Other Liabilities.

Except as otherwise contemplated by the Servicing Agreement or this Trust Agreement, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.11 Issuer Assets.

The Issuer shall not own any assets or property other than the Financing Property, incidental personal property necessary for the ownership and operation of the Financing Property and any Investment Grade securities in accordance with the terms of this Trust Agreement and

the Bonds. The Issuer shall keep its assets and liabilities separate and distinct from those of any other Person, including the Servicer, as provided in Section 3.17 hereof.

Section 3.12 Capital Expenditures.

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.13 Notice of Events of Default.

The Issuer agrees to give the Trustee, each Ancillary Agreement Provider, and the Rating Agencies prompt written notice of each Event of Default hereunder as provided in Section 5.01, or waiver thereof and each default on the part of the Servicer of its obligations under the Servicing Agreement.

Section 3.14 Further Instruments and Acts.

Upon request of the Trustee, the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Trust Agreement and maintain a first priority perfected security interest in the Collateral in favor of the Trustee.

Section 3.15 Tax Covenants.

The Issuer covenants that it shall comply with the applicable provisions of the Code relating to the exclusion of the interest on the Tax-exempt Bonds from gross income for federal income taxation purposes.

In furtherance of the foregoing covenant:

(i) The Issuer shall not take or cause to be taken, or permit to be taken, any action or actions with respect to the application and investment of any proceeds of the Tax-exempt Bonds or any other funds from whatever source derived which would cause any Tax-exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “private activity bonds” within the meaning of Section 141 of the Code. The Issuer covenants not to consent to any amendment to, or waive performance of, any covenant of the Servicer relating to the use, ownership or management of the projects or any portion thereof financed or refinanced by the Tax-exempt Bonds in the tax agreements or certificates entered into by the Servicer in connection with the Tax-exempt Bonds unless the Issuer has received an Opinion of Counsel from a nationally recognized bond counsel to the effect that such amendment or waiver would not, by itself, cause any Tax-exempt Bonds to be “private activity bonds” within the meaning of Section 141 of the Code or otherwise cause interest on the Tax-exempt Bonds to be included in gross income for federal income tax purposes.

(ii) The Issuer shall comply with the tax agreements executed and delivered by it and the letter of instructions, if any, delivered by bond counsel, in connection with the issuance of the Tax-exempt Bonds as to compliance with applicable provisions of the

Code, as such tax covenants and agreements and letter may be amended from time to time, as a source of guidance for achieving compliance with the Code, including, without limitation, timely payments of all rebate or other amounts to the United States Department of the Treasury under Section 148 of the Code.

Notwithstanding anything else in this Trust Agreement to the contrary, including without limitation Article IV, the covenants of this Section shall survive the payment or defeasance of the Tax-exempt Bonds.

Section 3.16 [Reserved].

Section 3.17 Separateness from PRASA; Compliance with Article 5 of the Act. The Issuer shall keep its assets and liabilities separate and distinct from those of any other Person, including PRASA. Without limiting the foregoing, the Issuer agrees to comply with the provisions of Article 5 of the Act so as to maintain the separateness of the Issuer from PRASA or any other party, including the following:

(a) To maintain its books, financial records and accounts (including inter-entity transaction accounts) in a manner so as to identify its assets and liabilities separate and apart from PRASA, to observe all applicable corporate procedures and formalities, including, where applicable, the holding of regular periodic and special meetings of governing bodies, the recording and maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if any, adopted at such meetings; and all transactions and agreements between and among the Issuer and PRASA, will reflect the separate legal existence of each such entity and shall be formally documented in writing. The Issuer shall not enter into any transaction with an affiliate of the PRASA, the Issuer, Government Development Bank for Puerto Rico or the Commonwealth, except on terms similar to those available to unaffiliated Persons in an arm's length transaction.

(b) To prepare annual financial statements separate and apart from PRASA, prepared in accordance with generally accepted accounting principles, that reflect its separate assets and liabilities and all transactions and transfers of funds involving PRASA, and to pay or bear the cost of the preparation of its own financial statements regardless of whether such public accounting firm prepares or audits the financial statements of PRASA.

(c) To pay its liabilities and losses from its own separate assets. In furtherance of the foregoing, the Issuer shall compensate all employees, consultants, independent contractors and agents from its own funds for services provided to it by such employees, consultants, independent contractors and agents. The Issuer shall maintain sufficient employees in light of its contemplated business purpose and other contractual relationships.

(d) To maintain its assets, funds and liabilities separate and apart from the assets, funds and liabilities of any other Person, including PRASA, and to conduct all business with PRASA or third parties in its own name separate and distinct from any other Person, and to promptly correct any known misunderstanding regarding its separate identity from PRASA.

(e) To ensure that neither the assets nor the creditworthiness of PRASA shall be held out as being available for the payment of any liability of the Issuer, and vice versa, and to prevent the transfer of assets between PRASA and the Issuer inconsistently with the Act or with the intent to hinder or defraud creditors.

Section 3.18 Compliance with the Act and Financing Resolution. The Issuer shall comply with the Act and the Financing Resolution and take all steps necessary to enforce the provisions thereof.

Section 3.19 Actions by Trustee.

Notwithstanding any other provisions of this Trust Agreement or any other Financing Document, and in addition to the rights that the Trustee may have under any other provision of this Trust Agreement or any other Financing Document, including, but not limited to, Article V hereof, the Trustee may take any of the following actions, regardless of whether a Default or Event of Default has occurred or is continuing:

(a) Take any and all actions permitted by Article 10 of the Act, subject to any limitation set forth therein.

(b) Seek a writ of mandamus requiring the Servicer to establish or adjust the Revitalization Charges in accordance with Section [7.03] of the Servicing Agreement and the Financing Resolution.

(c) Protect the Financing Property in accordance with the terms of the Financing Resolution and the Bonds.

(d) Enforce the Servicing Agreement against the Servicer, the Calculation Agent Agreement against the Calculation Agent and the Depository Agreement against the Depository.

Section 3.20 Ratings Maintenance.

The Issuer agrees that it shall request and diligently pursue and maintain ratings from Moody's and Standard and Poor's on each Series of Bonds.

ARTICLE IV **SATISFACTION AND DISCHARGE; DEFEASANCE**

Section 4.01 Satisfaction and Discharge of Trust Agreement; Defeasance.

(a) This Trust Agreement shall cease to be of further effect with respect to the Bonds and the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of this Trust Agreement with respect to the Bonds, when

(i) either

(A) all Bonds theretofore authenticated and delivered (other than (1) Bonds that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 3.03) have been delivered to the Trustee for cancellation; or

(B) the final Payment Date has occurred with respect to all Bonds not theretofore delivered to the Trustee for cancellation and the Issuer has irrevocably deposited or caused to be irrevocably deposited with the Trustee, in trust for such purpose, cash in an amount sufficient to pay and discharge the entire indebtedness on such Bonds not theretofore delivered to the Trustee for cancellation on the final Payment Date therefor;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the Trustee) an Independent Certificate from a firm of certified public accountants, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Trust Agreement with respect to the Bonds have been complied with.

(b) Notwithstanding Section 4.01(a), but subject to Sections 4.01(c) and 4.02, the Issuer at any time may terminate all its obligations under this Trust Agreement with respect to the Bonds (a "Legal Defeasance"). In the event of a Legal Defeasance, the maturity of the Bonds defeased pursuant to such Legal Defeasance may not be accelerated because of an Event of Default.

Upon satisfaction of the conditions set forth herein to a Legal Defeasance, the Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute such instruments as the Issuer reasonably requests acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Sections 4.01(a) and 4.01(b) above, (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Bonds, (iii) rights of Bondholders to receive payments of principal and interest, (iv) Sections 4.03 and 4.04, (v) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under Section 6.07 and the obligations of the Trustee under Section 4.03) and (vi) the rights of Bondholders as beneficiaries hereof with respect to the property deposited with the Trustee payable to all or any of them, shall survive until the Bonds, as to which this Trust Agreement or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or 4.01(b), have been paid in full. Thereafter, the obligations in Sections 4.04 and 6.07 shall survive.

(d) For the avoidance of doubt, notwithstanding any other provision of this Trust Agreement, this Trust Agreement and the Lien on Collateral securing any Ancillary Agreement

shall continue to be in full force and effect, and shall not be discharged, unless each Ancillary Agreement is terminated and all amounts payable thereunder are paid in full in accordance with the terms of such Ancillary Agreement, or (ii) each Ancillary Agreement Provider consents to such discharge.

Section 4.02 Conditions to Defeasance.

The Issuer may exercise a Legal Defeasance of Bonds only if:

(a) the Issuer irrevocably deposits or causes to be irrevocably deposited with the Trustee, in trust solely for the benefit of the Bonds being Defeased, cash or non-callable Defeasance Securities for the payment of principal or Redemption Price of and interest on each such Serial Bond to the Scheduled Maturity Date (or, if applicable, at the election of the Issuer, any earlier optional redemption date) and Term Bond to the Scheduled Sinking Fund Redemption Date (or, if applicable, any earlier optional redemption date), cash or non-callable Defeasance Securities for the payment of principal or Redemption Price of and interest on each such Serial Bond to the Redemption Date set forth in the written notice provided by the Issuer pursuant to Section 10.03;

(b) the Issuer delivers to the Trustee a Certificate from a nationally recognized firm of Independent certified public accountants expressing its opinion that the payments of principal and interest when due and without reinvestment on the deposited Defeasance Securities plus any deposited cash without investment will provide cash at such times and in such amounts (but not substantially more than such amounts) as will be sufficient to pay in respect of the Bonds (i) principal on the Scheduled Maturity Date in accordance with the Expected Amortization Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date) or Redemption Price on the Scheduled Sinking Fund Redemption Date in accordance with the Expected Sinking Fund Schedule therefor (or, if applicable, at the election of the Issuer, any earlier optional redemption date), as applicable, and (ii) interest when due;

(c) if an election is made to redeem any such Bonds prior to maturity, the Issuer irrevocably designates such Bonds for redemption on the redemption date and proper notice of redemption shall have been made or provision satisfactory to the Trustee shall have been irrevocably made for the giving of such notice;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) the Issuer shall have delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that, based upon the matters described in clauses (a) through (c) above and assuming compliance by the Trustee or such agent with its undertaking described in Section 4.03 below, no further action by or on the part of the Issuer will be required under the applicable requirements of the Code to maintain the Federal income tax exclusion from gross income of the interest on the Bonds.

(f) the Issuer delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the satisfaction and discharge of the Bonds to the extent contemplated by this Article IV have been complied with.

Section 4.03 Application of Trust Money.

All moneys or Defeasance Securities deposited with the Trustee pursuant to Section 4.01 or 4.02 hereof shall be held in trust and applied by it, in accordance with the provisions of the Bonds and this Trust Agreement and the applicable Supplemental Trust Agreement, to the payment, either directly or through any Paying Agent, as the Trustee may determine, to the Holders of the particular Bonds for the payment of which such moneys or Defeasance Securities have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest, but such moneys need not be segregated from other funds except to the extent required herein or in the Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any money or Defeasance Securities held by it pursuant to Section 4.02 which, in the opinion of a nationally recognized firm of Independent certified public accountants expressed in a written certification thereof delivered to the Trustee (and not at the cost or expense of the Trustee), are in excess of the amount thereof which would be required to be deposited for the purpose for which such moneys or Defeasance Securities were deposited.

Section 4.04 Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Trust Agreement or a Legal Defeasance with respect to the Bonds, all moneys then held by any Paying Agent other than the Trustee under the provisions of this Trust Agreement with respect to such Bonds shall, upon demand of the Issuer, be paid to the Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V
REMEDIES

Section 5.01 Events of Default.

“Event of Default”, wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest or redemption premium on any Bond, or a default in the payment of any amount due on an Ancillary Agreement, in either case when the same becomes due and payable; or

(b) default in the payment of the then unpaid principal of any Bond of any Tranche on the Final Maturity Date of such Tranche; or

(c) default in the observance or performance in any respect of any covenant or agreement of the Issuer made in this Trust Agreement (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with), any Ancillary Agreement, or any representation or warranty of the Issuer made in this Trust Agreement, any Ancillary Agreement or in any certificate or other writing delivered pursuant hereto or thereto or in connection herewith or therewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and, if such default is capable of cure, such default shall continue or not be cured, or the circumstance or condition in respect of which such misrepresentation or warranty was incorrect shall not have been eliminated or otherwise cured, for a period of thirty (30) days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least a majority of the Outstanding Amount of the Bonds, a written notice specifying such default or incorrect representation or warranty and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date the Issuer has actual knowledge of the default; provided however, if the default specified in this clause (c) shall be of a type that cannot be remedied within thirty (30) days, it shall not constitute an event of default if the Issuer shall begin diligently to remedy such default within such thirty-day period; or

(d) a Servicer Default by any party under the Servicing Agreement; or

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Collateral in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or ordering the winding-up or liquidation of the Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(f) the commencement by the Issuer of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing; or

(g) any act or failure to act by the Commonwealth of Puerto Rico or any of its agencies (including, for the avoidance of doubt and without limitation and the Issuer), officers or employees that violates or is not in accordance with the Financing Resolution or the Commonwealth Pledge; or

(h) If the Commonwealth (either directly or through any of its public corporations, agencies, instrumentalities, or municipalities, or any affiliate thereof) (i) issues debt (other than debt of the Issuer, including the Additional Bonds or Other Revitalization Bonds permitted by

Section 3.09 or debt of PRASA payable from and/or secured by the net revenues of PRASA's enterprise) secured by financing property or any other rights and interests in rates, charges, taxes or assessments that are separate from rates and charges of PRASA and that are imposed upon Customers (in their capacity as Customers) to recover the ongoing financing costs of such debt, or (ii) creates or imposes, or permits to be created or imposed, a tax or similar charge upon water and sewer service within the Commonwealth by means of any facilities constituting part of System Assets, unless prior to any issuance of debt described in clause (i) above or the creation or imposition of a tax or charge described in clause (ii) above, the Trustee shall have been provided with written confirmation that upon each such issuance, or creation or imposition, as the case may be, the Rating Agency Condition shall have been satisfied.

The Issuer shall deliver to a Responsible Officer of the Trustee, the Ancillary Agreement Providers and the Rating Agencies, within five (5) days after an Authorized Officer has knowledge of the occurrence thereof, written notice in the form of an Officer's Certificate of any event (i) which is an Event of Default under clause (a), (b), (d), (e), (f), (g) or (h), or (ii) which with the giving of notice, the lapse of time, or both would become an Event of Default under clause (a) or (c), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Section 5.02 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default should occur and be continuing, except for an Event of Default described in clause (c) of Section 5.01, then and in every such case the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may declare all the Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Trustee if given by Bondholders), and upon any such declaration the unpaid principal amount of the Bonds, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if

- (a) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:
 - (i) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel; and
 - (ii) all payments of principal of and interest on all Bonds and all other amounts that would then be due hereunder or upon such Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(b) all Events of Default, other than the nonpayment of the principal of the Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 5.03 Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Bond when the same becomes due and payable, or (ii) default is made in the payment of the then unpaid principal of any Bond on the Final Maturity Date for such Bond, the Issuer will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of the Bonds and the Ancillary Agreement Providers (for the avoidance of doubt, subject to the priority of payments set forth in this Trust Agreement), the whole amount then due and payable on such Bonds for principal and interest, with interest upon the overdue principal and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Bonds of the applicable Tranche and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) Subject to Sections 11.10 and 11.11, in case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Bonds and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Bonds, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Trustee may, as more particularly provided in Section 5.04, in its discretion, proceed to protect and enforce its rights and the rights of the Bondholders by such appropriate Proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Trust Agreement or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Trust Agreement or by law.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Bonds or any Person having or claiming an ownership interest in the Collateral, Proceedings under any applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Bonds, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of any Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the

Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of (A) the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or willful misconduct), (B) the Bondholders and (C) each Person for whom a claim may be made under this Trust Agreement allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Bondholder in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf;

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee or the Bondholders allowed in any judicial proceeding relative to the Issuer, its creditors and its property; and

(v) to participate as a member, voting or otherwise, of any official committee of creditors appointed in such matter;

and any trustee, receiver, liquidator, assignee, sequestrator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Bondholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to such Bondholders, to pay to the Trustee (or such other beneficiary under this Trust Agreement) such amounts as shall be sufficient to cover reasonable compensation and other amounts owing hereunder to the Trustee or such Person, each predecessor Trustee and their respective agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred, and all advances made by the Trustee and each predecessor Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Trust Agreement, or under any of the Bonds, may be enforced by the Trustee without the possession of any of the Bonds or

the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Bonds.

(g) In any Proceedings brought by the Trustee (and also any Proceedings involving the interpretation of any provision of this Trust Agreement to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Bonds, and it shall not be necessary to make any Bondholder a party to any such Proceedings.

Section 5.04 Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing, the Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Bonds or under this Trust Agreement with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Bonds moneys adjudged due;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Trust Agreement with respect to the Collateral;

(iii) exercise any remedies of a secured party under the Act or other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Trustee, the Holders of the Bonds and the Ancillary Agreement Providers;

(iv) sell the Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law or transfer, convey or assign the Collateral to any Person as specified in Article 10(c) of the Act, and no provision hereof shall constitute a waiver of any rights granted in Article 10(c);

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Servicer under or in connection with, and pursuant to the terms of, the Servicing Agreement, as more fully set forth herein and in Section 5.16, or against the Depository under and in connection with and pursuant to the terms of the Depository Agreement;

(vi) seek a writ of mandamus requiring the Servicer to establish or adjust the Revitalization Charges in accordance with Section [7.03] of the Servicing Agreement and the Financing Resolution;

(vii) exercise remedies under the Servicing Agreement as provided therein and in Section 5.16(b); and

(viii) exercise such other remedies as are described in clause (c) below.

(b) If the Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

(c) If an Event of Default shall have occurred is continuing hereunder, in addition to the foregoing remedies, the Issuer and the Trustee may (1) hire such consultants, attorneys and other Persons and enter into such agreements as the Issuer, the Trustee or the Bondholders (as the case may be) deem necessary to enforce and collect the Revitalization Charge Revenues or protect the Financing Property and include the cost thereof as an Ongoing Financing Cost, provided that copies of such agreements shall be promptly filed with the Issuer, and (2) (i) bring actions against any owner of the System Assets, any Servicer, or any other Person authorized to bill or collect Revitalization Charges, or any other Person for failure to impose, bill, pay or collect any Revitalization Charges constituting part of the Financing Property or for enforcement of any other provision of the Act or action taken by the Issuer in respect thereof or (ii) take any other action as the Issuer or the Trustee may deem necessary to enforce and collect the Revitalization Charge Revenues or protect the Financing Property in accordance with the terms of the Financing Resolution, the Bonds and the Financing Documents, but, notwithstanding anything herein to the contrary, no action may be brought by the Issuer, the Trustee or the party to any Ancillary Agreement or on their behalf (other than through PRASA or any successor Servicer) against any Customer for its failure to pay any Revitalization Charge so long as PRASA or any successor Servicer is complying with its obligations under the Servicing Agreement with respect to the enforcement of any collection of charges (including Revitalization Charges) due from such Customer.

(d) The Issuer shall, within three Business Days of written demand therefor, pay to the Trustee, any Holder of Bonds or any Ancillary Agreement Provider, as applicable, the amount of all costs and expenses (including legal fees) incurred by such party in connection with the enforcement of, or the preservation of any rights under, this Trust Agreement.

Section 5.05 Optional Possession of the Collateral.

If the Bonds have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Trustee may (subject to contrary direction in accordance with the terms of this Trust Agreement), but need not, elect to maintain possession of the Collateral. It is the desire of the parties hereto, that there be at all times sufficient funds for the payment of principal of and interest on the Bonds and amounts due and payable under Surety Bond Agreements, and the Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral or sell or liquidate the same, the Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or certified public accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose. For the avoidance of doubt, any determination by the Trustee to elect to sell, liquidate or otherwise cease to maintain possession of any portion of the Collateral must be made in compliance with the other provisions of this Trust Agreement, including the proviso at the end of Section 5.04(a) hereof.

Section 5.06 Limitation of Suits.

Each Holder agrees, by its acceptance of any Bond, to the fullest extent permitted by law, that no Holder of any Bond shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Trust Agreement, or to avail itself of the right to foreclose on the Collateral or otherwise enforce the Lien and the security interest on the Collateral with respect to this Trust Agreement, or to avail itself of any remedies in the Act or to utilize or enforce the Statutory Lien, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder previously has given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have made written request to the Trustee to institute such Proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of the Eligible Bonds representing not less than [a majority] of the Outstanding Amount of the Eligible Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing itself of, any provision of this Trust Agreement to affect, disturb or prejudice the rights of any other Holders of Bonds or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Trust Agreement, except in the manner herein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders of Eligible Bonds, the Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Trust Agreement.

Nothing in this Section 5.06 shall limit the rights of the Bondholders under Section 3.19.

Section 5.07 Unconditional Rights of Bondholders To Receive Principal and Interest.

Notwithstanding any other provisions in this Trust Agreement, the Holder of any Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Bond on or after the due dates thereof expressed in such Bond or in this Trust Agreement or (ii) the unpaid principal, if any, of such Bonds on or after the Final Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 5.08 Restoration of Rights and Remedies.

If the Trustee has instituted any Proceeding to enforce any right or remedy under this Trust Agreement and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee shall continue as though no such Proceeding had been instituted.

Section 5.09 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.10 Delay or Omission Not a Waiver.

No delay or omission of the Trustee or any Bondholder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Trustee or to the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

Section 5.11 Reserved.

Section 5.12 Waiver of Past Defaults.

Prior to the declaration of the acceleration of the maturity of the Bonds as provided in Section 5.02, the Trustee may in its discretion, or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the Bonds (or, if less than all Tranches are affected, the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of the affected Tranche or Tranches in the aggregate) may, by written notice to the Trustee, waive any past Default or Event of Default and its consequences, except a Default (a) in payment of principal of or interest on any of the Bonds or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Bond of all Tranches affected. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Trust Agreement; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 5.13 Undertaking for Costs.

All parties to this Trust Agreement agree, and each Holder of any Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Trust Agreement, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion, subject to applicable law, assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, however, that the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Bondholder, or group of Bondholders, in each case holding in the aggregate more than a majority of the Outstanding Amount of the Bonds, or (c) any suit instituted by any Bondholder for the enforcement of the payment of (i) interest on any Bond on or after the due dates expressed in such Bond and in this Trust Agreement or (ii) the unpaid principal, if any, of any Bond on or after the Final Maturity Date therefor; and provided, further, that in no event shall payment be required of any party litigant in respect of the undertaking described in this Section 5.13 unless and until there shall have been a final, nonappealable judgment entered against such party litigant in all respects by a court of competent jurisdiction.

Section 5.14 Waiver of Stay or Extension Laws.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Trust Agreement. The Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.15 Action on Bonds.

The Trustee's right to seek and recover judgment on the Bonds or under this Trust Agreement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Trust Agreement. Neither the Lien of this Trust Agreement nor any rights or remedies of the Trustee or the Bondholders shall be impaired by the recovery of any judgment by the Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer.

Section 5.16 No Limitation of Rights.

No provision of this Article V limits, or shall be deemed to limit, any rights granted to Bondholders, Ancillary Agreement Providers or the Trustee pursuant to any other provisions of this Trust Agreement.

ARTICLE VI
THE TRUSTEE, PAYING AGENTS

Section 6.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Trust Agreement and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement; however, the Trustee shall examine the certificates and opinions to determine whether or not they appear on their face to conform to the requirements of this Trust Agreement.

(c) The Trustee may not be relieved from liability for its own negligence or willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Trust Agreement or the Servicing Agreement.

(g) No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to

believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

(i) In the event that the Trustee is also acting as Paying Agent or Bond Registrar hereunder, this Article VI shall also be afforded to such Paying Agent or Bond Registrar.

(j) Under no circumstances shall the Trustee be liable for any indebtedness of the Issuer or the Servicer evidenced by or arising under the Bonds, any Financing Document or the Bond Purchase Agreement.

(k) Promptly following a request from the Trustee to do so and at the Issuer's expense (as an Ongoing Financing Cost), and whether or not an Event of Default has occurred and is continuing, the Issuer agrees to take all such lawful action as the Trustee may reasonably request to compel or secure the performance and observance by the Servicer of its obligations to the Issuer under or in connection with the Servicing Agreement in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Servicing Agreement to the extent and in the manner directed by the Trustee, including the transmission of notices of default on the part of the Servicer thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by the Servicer of its obligations under the Servicing Agreement.

(l) Whether or not an Event of Default has occurred, the Trustee may, and, at the written direction of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds shall, subject to Article VI, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Servicer under or in connection with the Servicing Agreement, including the right or power to take any action to compel or secure performance or observance by the Servicer of its obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Servicing Agreement, and any right of the Issuer to take such action shall be suspended. In addition, the Trustee shall be authorized to replace PRASA as Servicer, and to direct the Issuer to enter into such other servicing, billing and collection agreements as the Issuer or the Trustee deems appropriate to ensure the timely and full payment of the Bonds and all Ongoing Financing Costs. The Trustee may also consent to or give contrary direction with respect to any action taken by the Issuer, including the replacement of the Servicer, as provided in this Section. The Trustee or may exercise its rights to consent to or give contrary direction with respect to any action taken by the Issuer, including the replacement of the Servicer. Notwithstanding anything in this Trust Agreement, no action may be brought by the Issuer, the Trustee or the party to any Ancillary Agreement or on their behalf (other than through PRASA or any successor Servicer) against any Customer for its failure to pay any Revitalization Charge so long as PRASA or any successor Servicer is complying with its obligations under the Servicing Agreement with respect to the enforcement of any collection of charges (including Revitalization Charges) due from such Customer.

Section 6.02 Rights of Trustee.

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document believed by it to be genuine and to have been signed or presented by the proper party or parties and the Trustee need not investigate any matter or fact stated in such document;

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request;

(c) before the Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate and/or an Opinion of Counsel of external counsel of the Issuer (at no cost or expense to the Trustee) that such action is required or permitted hereunder. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate and/or Opinion of Counsel;

(d) the Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Trust Agreement and the Bonds shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto at the request or direction of any of the Bondholders pursuant to this Trust Agreement, unless such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the cost, expenses (including reasonable legal fees and expenses) and liabilities that might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, paper or other document;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee appointed with due care by it hereunder; and the Trustee shall give prompt written notice to the Rating Agencies of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Trust Agreement; provided, that the Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Bonds or insolvency of the Issuer has occurred and is continuing;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement;

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk is not reasonably assured to it;

(j) the Trustee shall not be personally liable for any action taken or suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement; provided, however, that the Trustee's conduct does not constitute willful misconduct, negligence or bad faith;

(k) in the event that the Trustee is also acting as Paying Agent or Bond Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article VI shall also be afforded to such Paying Agent, authenticating agent or Bond Registrar;

(l) the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer obtains actual knowledge of such event or the Trustee receives written notice of such event from the Issuer, the Servicer or any Holder;

(m) without limiting its rights under bankruptcy law, when the Trustee incurs expenses or renders services in connection with the insolvency or bankruptcy of any party hereto or with the Financing Documents to which it is a party such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy or insolvency law;

(n) the Trustee shall not be required to give any bond or surety in respect of the execution of the trust created hereby or the power granted hereunder;

(o) in no event shall the Trustee be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(p) the right of the Trustee to perform any discretionary act enumerated in this Trust Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of any such act;

(q) the Trustee shall have no duty to file any financing statement or continuation statement evidencing a security interest or to maintain any such filing, other than to file continuation statements pursuant to Section 2.14, or to maintain any insurance; and

(r) the Trustee shall have no obligation to supervise the Servicer or act as successor Servicer, and shall not be liable for any default or misconduct of the Servicer.

Section 6.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or its affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Bond Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 6.11 and 6.12.

Section 6.04 Trustee's Disclaimer.

Except as set forth in Section 6.13, the Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Trust Agreement or the Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Bonds, and it shall not be responsible for any statement of the Issuer in the Trust Agreement or in any document issued in connection with the sale of the Bonds or in the Bonds other than the Trustee's certificate of authentication. The Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Collateral, for the validity, priority or perfection of any Lien or security interest granted to it hereunder (except to the extent impaired by action or omission constituting negligence or willful misconduct on the part of the Trustee, or for or in respect of the Bonds (other than the certificate of authentication for the Bonds) or the Financing Documents and the Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Trust Agreement. The Trustee shall not be liable for the default or misconduct of the Issuer or the Servicer under the Financing Documents or otherwise, and the Trustee shall have no obligation or liability to perform the obligations of such Persons.

Section 6.05 Notice of Defaults.

If a Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall transmit to each Holder of Bonds, each Ancillary Agreement Provider and to the Rating Agencies written notice of the Default within 30 days after actual notice of such Default was received by a Responsible Officer of the Trustee (provided that the Trustee shall give the Rating Agencies prompt written notice of any payment Default in respect of the Bonds). Except in the case of a Default in payment of principal of or interest on any Bond, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that prompt notice of the Default is not likely to be material to Holders and the Default is likely to be cured and therefore that withholding the notice is in the interests of Bondholders.

Section 6.06 Reports by Trustee to Holders.

(a) So long as the Trustee is the Bond Registrar and Paying Agent, upon the written request of a current or former Bondholder or the Issuer, the Trustee shall deliver to such Bondholder, within the prescribed period of time for tax reporting purposes after the end of each calendar year, such information in its possession as may be required to enable such Holder to prepare its federal and any applicable state or local income tax returns. If the Bond Registrar and Paying Agent is other than the Trustee, such Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be

required to enable such Holder to prepare its federal income and any applicable state or local tax returns.

(b) On or prior to each Payment Date therefor, the Trustee will provide to each Holder of Bonds and each Ancillary Agreement Provider on such Payment Date a statement prepared by the Servicer and provided to the Trustee which will include (to the extent applicable) the following information as to the Bonds with respect to such Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Bondholders allocable to principal;
- (ii) the amount of the payment to Bondholders allocable to interest;
- (iii) the Outstanding Amount, before and after giving effect to payments allocated to principal reported under clause (i) above;
- (iv) the difference, if any, between the Outstanding Amount and the Projected Principal Balance as of such Payment Date, after giving effect to payments to be made on such Payment Date;
- (v) the amount on deposit in the Overcollateralization Subaccount as of the Payment Date;
- (vi) the amount on deposit in the Debt Service Reserve Subaccounts as of the Payment Date;
- (vii) the amount, if any, on deposit in the Excess Funds Subaccount as of the Payment Date;
- (viii) the amount paid to the Trustee since the previous Payment Date;
- (ix) the amount paid to the Servicer since the previous Payment Date;
- (x) the amount paid to the Administrator since the previous Payment Date;
- (xi) the amount paid to the Depository since the previous Payment Date;
- (xii) the amount paid to the Calculation Agent since the previous Payment Date;
- (xiii) any other transfers and payments to be made pursuant to the Trust Agreement since the previous Payment Date.

(c) The Issuer shall send a copy of each Certificate of Compliance delivered to it pursuant to Section 3.06 of the Servicing Agreement and Annual Accountant's Report delivered to it pursuant to Section 3.07 of the Servicing Agreement to the Trustee, the Bondholders, each Ancillary Agreement Provider and the Rating Agencies and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 of the Securities and Exchange Commission.

Section 6.07 Compensation and Indemnity.

Subject to Section 8.02(e), the Issuer shall pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

Subject to Section 8.02(e), the Issuer shall reimburse the Trustee for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. Subject to Section 8.02(e), the Issuer shall indemnify, defend and hold harmless the Trustee and any of its affiliates, officials, officers, directors, employees, consultants, counsel and agents (the "Indemnified Persons") from and against any and all losses, claims, actions, suits, taxes, damages, expenses (including, without limitation, reasonable legal fees and expenses) and liabilities (including liabilities under state or federal securities laws) of any kind and nature whatsoever (collectively, "Expenses"), to the extent that such Expenses arise out of or are imposed upon or asserted against such Indemnified Persons with respect to the creation, administration, operation or termination of this trust and the performance by the Trustee of its duties hereunder, the failure of the Issuer or any other Person (other than the Person being indemnified) to perform its obligations hereunder or under any of the Financing Documents or the Bond Purchase Agreement, or otherwise in connection with the Financing Documents, the Bond Purchase Agreement or the transactions contemplated by any of them; provided, however, that the Issuer is not required to indemnify any Indemnified Person for any Expenses that result from the willful misconduct or negligence of such Indemnified Person. The willful misconduct or negligence of any Trustee shall not affect the rights of any predecessor or successor Trustee hereunder. The Indemnified Person shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indemnified Person to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Indemnified Person may have separate counsel and the Issuer shall pay the fees and expenses of such counsel. The Issuer will not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.07, (whether or not the Indemnified Person is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding.

The Issuer's payment obligations to the Trustee pursuant to this Section shall survive the discharge of this Trust Agreement or the earlier resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of an Event of Default specified in Section 5.01(d) or (e) with respect to the Issuer, the expenses are intended to constitute expenses of administration under Title II of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Section 6.08 Replacement of Trustee.

The Trustee may resign at any time by so notifying the Issuer, provided, however, that no such resignation shall be effective until either (a) the Collateral has been completely liquidated and the proceeds of the liquidation distributed to the Bondholders or (b) a successor trustee having the qualifications set forth in Section 6.11 has been designated and has accepted such trusteeship. The Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Issuer shall remove the Trustee if:

- (a) the Trustee fails to comply with Section 6.11;
- (b) the Trustee is adjudged a bankrupt or insolvent;
- (c) a receiver or other public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust Agreement. The successor Trustee shall mail a notice of its succession to Bondholders and to the Rating Agencies. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or, if the Issuer has failed to commence such an action, the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 6.11, and the Issuer has not within thirty (30) days following the Issuer's becoming aware of such noncompliance commenced action to remove the Trustee, the Holders of the Eligible Bonds representing not less than ten percent (10%) of the Outstanding Amount of the Eligible Bonds may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Trustee.

Section 6.09 Successor Trustee by Merger.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall

be the successor Trustee. The successor Trustee shall mail a notice of its merger, conversion, consolidation or transfer to the Rating Agencies.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to the Trustee shall succeed to the trusts created by this Trust Agreement any of the Bonds shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Bonds so authenticated; and in case at that time any of the Bonds shall not have been authenticated, any successor to the Trustee may authenticate such Bonds either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall be valid for all purposes hereunder and under the Bonds.

Section 6.10 Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Trust Agreement, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located or to address divergent or conflicting interests among Holders of Bonds of separate Series or Tranches of Bonds as a result of variations in terms of the respective underlying Bonds of corresponding Series or Tranches, the Trustee shall have the power and may execute and deliver all installments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Bondholders and the Ancillary Agreement Providers, such title to the Collateral, or any part hereof; and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Bondholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.08 hereof. Notice of any such appointment shall be promptly given to each Rating Agency by the Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Trust Agreement and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Trust Agreement, specifically including every provision of this Trust Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Trust Agreement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11 Eligibility; Disqualification.

The Trustee shall at all times be a corporation organized and doing business under the laws of the United States or of any State which (i) is authorized under such laws to exercise corporate trust powers, and (ii) is subject to supervision or examination by federal or State authority. The Trustee shall have a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition and it shall have a long term debt rating of at least "A" (or the equivalent thereof) or better by each of the Rating Agencies.

Section 6.12 Representations and Warranties of Trustee.

The Trustee hereby represents and warrants that:

(a) the Trustee is a national banking association validly existing in good standing under the laws of the United States of America and having an office in the Borough of Manhattan, City and State of New York; and

(b) the Trustee has full power, authority and legal right to execute, deliver and perform this Trust Agreement and the Financing Documents to which the Trustee is a party and has taken all necessary action to authorize the execution, delivery, and performance by it of this Trust Agreement and such Financing Documents.

Section 6.13 The Paying Agents.

(a) Each Paying Agent other than the Trustee shall execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 6.13, that such Paying Agent will:

(i) hold all sums held by it on the Mainland for the payment of amounts due with respect to the Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Trustee written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Bonds;

(iii) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination;

(v) comply with all requirements of the Code and other tax laws with respect to the withholding from any payments made by it on any Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith; and

(vi) keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Bondholders at all reasonable times.

(b) The Paying Agent shall be a Mainland financial institution duly organized under the laws of the United States of America or any State thereof, or a bank or trust company having a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Trust Agreement. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving at least 60 days' written notice to the Issuer and the Trustee. In the event that the Issuer shall fail to appoint a successor Paying Agent, upon the resignation or removal of the Paying Agent, the Trustee shall either appoint a Paying Agent or itself act as Paying Agent until the appointment of a successor Paying Agent. Any successor Paying Agent shall have a long term debt rating of at least "A" by the Rating Agencies. The Paying Agent may be removed at any time by an instrument signed by the Issuer filed with the Trustee. The Issuer will remove a Paying Agent upon written direction from the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

(c) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any Bonds and money held by it in such capacity to its successor or, if there is no successor, to the Trustee.

Section 6.14 Custody of Collateral.

The Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Trustee) as consists of instruments, deposit accounts, securities accounts, negotiable documents, money, goods, letters of credit, and advices of credit in the State of New York. The Trustee shall hold such of the Collateral as constitutes investment property through the Securities Intermediary (which, as of the date hereof, is [TRUSTEE]). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Trustee that (a) such investment property shall at all times be credited to a securities account of the Trustee, (b) the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Trustee to comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Trustee), and (g) such securities accounts shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.14, or elsewhere in this Trust Agreement, the Trustee shall not hold Collateral through an agent or a nominee.

ARTICLE VII **THE BONDHOLDERS**

Section 7.01 Acts of the Bondholders; Evidence of Ownership.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Trust Agreement to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act of the Bondholders” signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Trust Agreement and (subject to Section 6.01) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 7.01.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved in any manner that the Trustee deems sufficient.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bonds shall bind the Holder of every Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 7.02 Notice to Bondholders.

Where this Trust Agreement provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Bondholder affected by such event, at such Bondholder's address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Bondholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Trust Agreement provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Bondholders when such notice is required to be given pursuant to any provision of this Trust Agreement, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Where this Trust Agreement provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder, and shall not under any circumstance constitute a Default or Event of Default.

Section 7.03 Issuer to Furnish Trustee Names and Addresses of Bondholders.

Unless the Trustee is the Bond Registrar, the Issuer shall furnish or cause to be furnished to the Trustee (a) not more than five (5) days after the earlier of (i) each Record Date and (ii) six (6) months after the last Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Record Date, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 10 days prior to the time such list is furnished. The Trustee shall be the initial Bond Registrar hereunder.

Section 7.04 Preservation of Information; Communications to Bondholders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Trustee as provided in Section 7.03 and the names and addresses of Holders received by the Trustee in its capacity as Bond Registrar. The Trustee may destroy any list furnished to it as provided in such Section 7.03 upon receipt of a new list so furnished.

(b) Upon the written request of any Holder or group of Holders, each of whom has held its Bond for at least six (6) months, the Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders of the Bonds, for purposes of communicating with other Holders with respect to their rights hereunder. The Trustee may elect not to afford the requesting Holders access to the list of Holders of the Bonds if it agrees to mail the desired communication or proxy, on behalf and at the expense of the requesting Holders, to all Holders of the Bonds.

Section 7.05 Provision of Information; Servicer Reports.

(a) The Trustee shall be authorized to provide any information received under the Servicing Agreement to Bondholders.

(b) The Trustee may, and, upon the direction of the any Holder of the Eligible Bonds representing not less than \$1,000,000 Outstanding Amount of the Eligible Bonds, shall, request the Servicer to provide to the Trustee any financial information in respect of the Servicer, or any information regarding the Financing Property, as may be necessary and permitted by law to monitor the Servicer's performance wider the Servicing Agreement. In addition, so long as any of the Bonds are Outstanding, or the Issuer's obligations under any Ancillary Agreement have not been performed in full, the Trustee may, and, upon the direction of any Holder of the Eligible Bonds representing not less than \$1,000,000 Outstanding Amount of the Eligible Bonds, shall request the Servicer to provide to the Trustee any information available to the Servicer or reasonably obtainable by the Servicer that is necessary to perform the Trustee's duties under this Trust Agreement and to determine compliance by the Servicer with the Servicing Agreement, including calculation of the Revitalization Charges or performance of the Adjustment Mechanism.

(c) The Financing Property Documentation shall be open to the inspection of, and shall be provided upon request to, any Bondholder. The Trustee, upon the direction of any Bondholder, shall request that such Financing Property Documentation be provided to such Bondholder.

(d) The Trustee shall have the right to conduct any review permitted by Section 3.09 of the Servicing Agreement, and the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds may initiate or direct the Trustee to initiate such review.

(e) Upon the written request of any Bondholder or any Rating Agency to the Trustee addressed to the Corporate Trust Office, the Bond Registrar, or in its absence or failure the Paying Agent, shall provide such requesting party, the Trustee and the Paying Agent or Bond Registrar, as applicable, with a copy of any Semiannual Servicer Certificate, Annual Accountant's Report and any other report of the Servicer referred to in the Servicing Agreement.

Section 7.06 Persons Excluded From Holding the Bonds.

The Issuer, the Servicer, the Commonwealth, or its instrumentalities, public corporations, or municipalities, or any subsidiary or affiliate of any of them, including, but not limited to, GDB

and FAFAA, are hereby prohibited from directly or indirectly holding, voting or controlling the Bonds.

Section 7.07 Reserved.

Section 7.08 Provisions Relating to Bond Insurance. [TO COME]

ARTICLE VIII **ACCOUNTS, DISBURSEMENTS AND RELEASES**

Section 8.01 Collection of Money.

Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Trust Agreement, the Depository Agreement and the other Financing Documents. The Trustee shall apply all such money received by it as provided in this Trust Agreement. Except as otherwise expressly provided in this Trust Agreement, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings to enforce the provisions of the Servicing Agreement or the Depository Agreement. Any such action shall be without prejudice to any right to assert a Default or Event of Default under this Trust Agreement and any right to proceed thereafter as provided in Article V.

Section 8.02 Collection Account.

(a) Prior to the Issuance Date, the Trustee shall establish or cause to be established at the Trustee's Corporate Trust Office, or at another Eligible Institution, one or more segregated trust accounts at a branch located in New York, New York, in the Trustee's name for the deposit of Financing Property and other amounts remitted under the Servicing Agreement, the Depository Agreement or otherwise received with respect to the Collateral (collectively, the "Collection Account"). The Trustee shall hold the Collection Account for the benefit of Bondholders, the Ancillary Agreement Providers, the Trustee and the other Persons indemnified hereunder. The Collection Account will consist of five Subaccounts: a general subaccount (the "General Subaccount"), a debt service reserve subaccount (the "Debt Service Reserve Subaccount"), an overcollateralization subaccount (the "Overcollateralization Subaccount"), an excess funds subaccount (the "Excess Funds Subaccount"), and an Upfront Financing Costs subaccount (the "Upfront Financing Costs Subaccount").

Within the General Subaccount, one or more sub-subaccounts may be established under a Supplemental Trust Agreement with respect to each Series of Bonds (the "Debt Service Subaccounts").

Subaccounts will be established in the Debt Service Reserve Subaccount as provided in Section 8.07(a).

For administrative purposes, the Subaccounts, including, without limitation, any sub-subaccounts may be established by the Trustee as separate accounts. All references to the Collection Account shall be deemed to include reference to all Subaccounts.

(i) Concurrently with the issuance of any Series of Bonds, there shall be deposited into the Upfront Financing Costs Subaccount the proceeds of any Series of Bonds in an amount specified in the related Trust Agreement Supplement. Moneys in the Upfront Financing Costs Subaccount shall be applied to pay Upfront Financing Costs related to such Bonds as directed by an Issuer Order. Any amounts remaining in the Upfront Financing Costs Subaccount 180 days following the Issuance Date shall be transferred to the General Subaccount or as otherwise directed in an Issuer Order.

(ii) The Collection Account shall at all times be maintained as an Eligible Account and only the Trustee shall have access to the Collection Account for the purpose of making deposits in and withdrawals from the Collection Account in accordance with this Trust Agreement. Funds in the Collection Account shall not be commingled with any other moneys. Except as provided in Section 8.03, all moneys deposited from time to time in the Collection Account, all deposits therein pursuant to this Trust Agreement, and all investments made in Eligible Investments with such moneys, including all income or other gain from such investments, shall be held by the Trustee in the Collection Account as part of the Collateral as herein provided.

(iii) The Lien of this Trust Agreement is pursuant to, in accordance with and governed by Article 7(j)(2) of the Act. The following provisions of this paragraph are included only to the extent Article 8 of the UCC is deemed to apply to any part of the Collateral, in addition to, and not as a qualification or limitation of, the preceding sentence. The Securities Intermediary hereby confirms that (A) the Collection Account is, or at inception will be established as, a “securities account” as such term is defined in Section 8-501(a) of the UCC, (B) it is a “securities intermediary” (as such term is defined in Section 8-102(a) (14) of the UCC) and is acting in such capacity with respect to such accounts, and (C) the Trustee for the benefit of the Bondholders and the Ancillary Agreement Providers is the sole “entitlement holder” (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and no other Person shall have the right to give “entitlement orders” (as such term is defined in Section 8-102(a)(8)) with respect to such accounts, and agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the Collection Account and shall be treated by it as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, New York State shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(b) The Trustee shall have sole dominion and exclusive control over all moneys in the Collection Account and shall apply such amounts therein as provided in this Section 8.02.

(c) All remittances to the Trustee as provided in Sections 3.03 and 5.11 and Annex 3 of the Servicing Agreement and Section 3 of the Depository Agreement shall be deposited in the General Subaccount. All deposits to and withdrawals from the Collection Account and all allocations to the Subaccounts of the Collection Account shall be made by the Trustee in accordance with the written instructions provided by the Servicer in the Semiannual Servicer Certificate or as otherwise provided in the Servicing Agreement or herein. To the extent that the Trustee shall receive from the Servicer or the Depository an amount not constituting Collateral, other than as Excess Remittances to be repaid as contemplated by the last paragraph of Section 8.02(e) below, the Trustee shall promptly notify the Issuer, the Depository and the Servicer and remit such amount to the Depository.

(d) On any Business Day upon which the Trustee receives a written request from the Servicer or Administrator stating that any Operating Expense payable by the Issuer (but only as described in clauses (i) through (vi) of Section 8.02(e) below) will become due and payable prior to the next succeeding Payment Date, and setting forth the amount and nature of such Operating Expenses, as well as any supporting documentation that the Trustee may reasonably request, the Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Overcollateralization Subaccount, in that order and only to the extent required to make such payment. In no event shall amounts on deposit in the Debt Service Reserve Subaccounts be applied to pay Operating Expenses or to any purpose other than the payment of amounts payable under clauses (vii) through (ix) of Section 8.02(e) below.

(e) On each Payment Date, or for any amount payable under clauses (i) through (vi) below on any Business Day pursuant to Section 8.02(d), the Trustee shall apply, at the direction of the Servicer, all amounts on deposit in the Collection Account (other than amounts on deposit in the Debt Service Reserve Subaccounts which shall be applied solely to amounts payable under clauses (vii) through (ix) below), including all earnings thereon, to allocate or pay the following amounts, in accordance with the Semiannual Servicer Certificate, in the following priority:

(i) all fees, costs, expenses (including legal fees and expenses) and, to the extent not in excess of \$____,000 in each calendar year, indemnity amounts owed by the Issuer to the Trustee under the applicable Financing Documents shall be paid to the Trustee; provided, however, that in the event of an Event of Default the provisions of Sections 5.13 and 6.01(g) shall apply;

(ii) subject to the Priority Payment Cap Amount, the Depository Fee and all unpaid Depository Fees from prior Payment Dates shall be paid to the Depository;

(iii) subject to the Priority Payment Cap Amount, the Servicing Fee for such Payment Date, and all unpaid Servicing fees from prior Payment Dates, [to the extent of Servicing Fees not in excess of ____% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;]

(iv) subject to the Priority Payment Cap Amount, the Calculation Agent Fee for such Payment Date, and all unpaid Calculation Agent Fees from prior Payment Dates, shall be paid to the Calculation Agent;

(v) subject to the Priority Payment Cap Amount, the Administration Fee and all unpaid Administration Fees from prior Payment Dates shall be paid to the Administrator;

(vi) (A) first, subject to the Priority Payment Cap Amount, the payment of all other Operating Expenses (other than as provided by clauses (x), (xii), (xvi) and (xvii) below) for such Payment Date shall be paid to the Persons entitled thereto and (B) second, any premium payment or other periodic fee payable in the ordinary course to a Surety Provider under a Surety Bond Agreement on or prior to such Payment Date that is not paid under clause (vi)(A);

(vii) (A) first, any overdue interest (together with, to the extent lawful, interest on such overdue interest at the applicable Bond Interest Rate) and (B) second, interest for such Payment Date shall be paid to the Bondholders;

(viii) principal due and payable on the Bonds pro rata across all Series and Tranches as a result of an Event of Default (assuming the Bonds have been declared immediately due and payable) or on or after the Final Maturity Date of a Tranche of a Series of the Bonds, shall be paid to the Bondholders, provided that if the Bonds have been declared immediately due and payable, amounts owed by the Issuer to any Surety Provider in satisfaction of the Reimbursement Obligation in respect of any Surety Bond Agreement held to the credit of the Debt Service Reserve Subaccount will also be paid pro rata with the Bonds,

(ix) any unpaid principal (assuming the Bonds have not been declared immediately due and payable) and principal for such Payment Date shall be paid to Holders of a Tranche of a Series of Bonds in respect of which a Scheduled Maturity Date has occurred on or prior to such Payment Date in accordance with the priorities of Section 2.08(b) hereof and the applicable Supplemental Trust Agreement, as described in the second succeeding paragraph;

(x) indemnity amounts owed by the Issuer to the Trustee under the applicable Financing Documents, to the extent in excess of \$,000 in each calendar year, shall be paid to the Trustee and premiums for directors' and officers' liability insurance for trustees and officers of the Issuer shall be paid to the provider of such insurance or, if such premium is paid by the Administrator pursuant to Section 1.03(a) of the Administration Agreement, the amount of such premium shall be paid to the Administrator in reimbursement thereof;

(xi) the amount owed by the Issuer in satisfaction of the Reimbursement Obligation under any Ancillary Agreement held to the credit of a Debt Service Reserve Subaccount that is not paid under clause (viii) above;

(xii) the Servicing fee for such Payment Date, and all unpaid Servicing fees from prior Payment Dates, to the extent of Servicing fees in excess of ___% of the aggregate initial principal amount of the Bonds in each calendar year shall be paid to the Servicer;

(xiii) the amount, if any, by which a Required Debt Service Reserve Level exceeds the amount in the related Debt Service Reserve Subaccount as of such Payment Date shall be paid or allocated to such Debt Service Reserve Subaccount;

(xiv) the amount, if any, required in order for the Issuer to timely replace the Surety Bonds with cash in the respective Debt Service Reserve Subaccounts pursuant to Section 8.07(d) hereof with such amount to be allocated on a pro rata basis among such Debt Service Reserve Subaccounts;

(xv) amounts payable pursuant to Section 8.02(e)(ii) through (vi) in excess of the Priority Payment Cap Amount (and in the order of priority therein provided);

(xvi) the amount, if any, paid pursuant to clause (I) or (J) of the definition of Ongoing Financing Costs that is not paid under clauses (i) or (x) above;

(xvii) to the maximum extent permitted by law, any fines, penalties, sanctions, assessments, judgments, damages or other monetary impositions or recoveries paid or payable by the Issuer;

(xviii) any amounts required to be deposited into any Overcollateralization Subaccount created pursuant to any Supplemental Trust Agreement in accordance with the terms of such Supplemental Trust Agreement or Surety Bond Agreement; and

(xix) the balance, if any, shall be paid or allocated to the Excess Funds Subaccount for distribution on subsequent Payment Dates.

The entire amount on deposit, first, in the Excess Funds Subaccount and, second, in the Overcollateralization Subaccount, shall be used to the extent practicable to make all or a portion of the last remaining payments contemplated by clauses (vii), (viii) and (ix) above and any unpaid Operating Expenses. When no Bonds remain Outstanding and all Ongoing Financing Costs (including any rebate or other amounts payable to the United States of America under Section 148 of the Code) have been paid, or their payment provided for, in full, then the balance, if any, in the Collection Account (including all Subaccounts therein) shall be paid to or at the direction of the Issuer and applied to Customer refunds in a manner directed by the [] in accordance with the Financing Resolution.

All partial payments of interest pursuant to clause (vii) shall be allocated among each Tranche of each Series of Bonds pro rata based upon the respective amounts of interest owed on the Bonds of each Tranche, and allocated and paid to Holders within each Tranche of each Series *pro rata* based upon the respective amount of interest owed on the Bonds held. All partial payments of principal pursuant to clause (viii) shall be made to such Holders pro rata based on the respective principal amounts of Bonds held by such Holders. All payments of principal or Redemption Price pursuant to clause (ix) above with respect to each Tranche of each Series shall be made to the Holders of the Tranche then entitled to payment, based upon, in the case of Serial Bonds, the Outstanding Amount of such Bonds and, in the case of Term Bonds, the Scheduled Sinking Fund Payment of such Bonds, all in accordance with the priorities of Section 2.08(b) hereof and the applicable Supplemental Trust Agreement.

Amounts on deposit in the General Subaccount or the Excess Funds Subaccount if necessary shall be applied, at the direction of the Servicer, to pay Excess Remittances to the Servicer pursuant to Section 3.03(f) of the Servicing Agreement.

(f) If on any Payment Date, or for any amounts payable under clauses (i) through (vi) above, on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by clauses (i) through (xi) of Section 8.02(e), the Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount and (ii) second, draw from amounts on deposit in the Overcollateralization Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by clauses (i) through (xi) of Section 8.02(e). In addition, if on any Payment Date, funds on deposit in the General Subaccount (including in the Debt Service Subaccounts), together with moneys available in the Excess Funds Subaccount and the Overcollateralization Subaccount, are insufficient to make the payments contemplated by clauses (vii) through (ix) of Section 8.02(e), the Trustee shall then, in accordance with the provisions of Section 8.07, draw from amounts on deposit in the Debt Service Reserve Subaccount, up to the amount of such shortfall in order to make the payments contemplated by such clause[s] (vii)[, (viii) and (ix)] of Section 8.02(e) on the Revitalization Bonds. If on any Payment Date funds on deposit in the Collection Account are insufficient to make the transfers contemplated by clause (vii), (viii) or (ix) of Section 8.02(e), the Trustee will allocate the funds drawn pursuant to the first sentence of this paragraph among the Tranches pro rata as provided in Section 8.02(e).

(g) Eligible Investments shall, for purposes of determining the amount on deposit in any Subaccount, be valued at par or maturity value.

Section 8.03 General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account shall be invested in Eligible Investments and reinvested by the Trustee at the written direction provided by or on behalf of the Issuer, upon Issuer Order; provided, however, that, except with respect to moneys in the Debt Service Reserve Subaccount, (i) such Eligible Investments shall mature or be redeemable at the option of the holder on or prior to the Business Day next preceding the next Payment Date or, if applicable, special payment date pursuant to Section 2.08(c), and (ii) such Eligible Investment shall not be sold, liquidated or otherwise disposed of at a loss prior to the maturity or redemption date thereof. All income or other gain from investments of moneys deposited in the Collection Account shall be deposited by the Trustee in the Collection Account, and any loss resulting from such investments shall be charged to the Collection Account. Eligible Investments in any Debt Service Reserve Subaccount may mature or be redeemable as provided in any Supplemental Trust Agreement. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or date of redemption the failure of the Issuer to provide timely written investment direction. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order. If the rating of the Eligible Institution, which may be the Trustee's Corporate Trust Office, falls below the rating requirements set forth in clause (b) of the definition of Eligible Institution, the Issuer shall, within one (1) month after notice of such rating

change, cause the Collection Account to be transferred to an institution meeting the requirements set forth in clause (b) of the definition of “Eligible Institution.”

(b) Subject to Section 6.01(c), the Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Trustee’s failure to make payments on such Eligible Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Trustee by 11:00 am Eastern Time (or such other time as may be agreed by the Issuer and Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Bonds but the Bonds shall not have been declared immediately due and payable pursuant to Section 5.02, then the Trustee shall, to the fullest extent practicable, invest and reinvest funds in the Collection Account in U.S. Treasury Securities specified in the most recent investment directions delivered by the Issuer to the Trustee with respect to such type of Eligible Investments.

Section 8.04 Release of Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Trustee or the Holders, but only as and to the extent permitted by the Financing Documents. All proceeds of such collections, sales or dispositions that are allocable to Revitalization Charges shall become Collateral and be deposited with the Trustee for deposit into the General Subaccount pursuant to the Servicing Agreement. Without limiting the foregoing, the Issuer, through the Servicer, may at any time and from time to time without any notice to, or release or consent by, the Trustee or the Holders, sell or otherwise dispose of any Collateral which is part of a utility bill previously written-off as a defaulted or uncollectible account in accordance with the Servicing Agreement and the requirements of the immediately preceding sentence.

(b) The Trustee may, and when required by the provisions of this Trust Agreement shall, but only to the extent expressly permitted hereunder, execute instruments to release property from the Lien of this Trust Agreement, or convey the Trustee’s interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Trust Agreement. No party relying upon an instrument executed by the Trustee as provided in this Article VIII shall be bound to ascertain the Trustee’s authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(c) The Trustee shall, at such time as there are no Bonds Outstanding and all other Ongoing Financing Costs have been paid, release any remaining portion of the Collateral that secured the Bonds from the Lien of this Trust Agreement upon receipt of an Issuer Order.

Section 8.05 Opinion of Counsel.

The Trustee shall receive at least seven (7) days' notice when requested by the Issuer to take any action pursuant to Section 8.04(b), accompanied by copies of any instruments involved, and the Trustee shall also require, as a condition to such action, an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not adversely impair the security for the Bonds or the rights of the Bondholders in contravention of the provisions of this Trust Agreement; provided, however that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Trustee in connection with any such action.

Section 8.06 Reports by Independent Registered Accountants.

As of the Issuance Date, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Trust Agreement. Upon any resignation by such firm the Issuer shall provide written notice thereof to the Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned within fifteen (15) days after such resignation, the Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten (10) days thereafter, the Trustee shall promptly appoint a successor firm of independent registered public accountants of recognized national reputation; provided, however, that the Trustee shall have no liability with respect to such appointment if the Trustee acted with due care with respect thereto. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer.

Section 8.07 Debt Service Reserve Subaccounts.

(a) One or more additional sub-subaccounts within the Debt Service Reserve Subaccount may be established as provided in any Supplemental Trust Agreement.

(b) After each Debt Service Reserve Subaccount is initially funded in accordance with subsection Section 2.10(f), there shall thereafter be maintained in each Debt Service Reserve Subaccount an amount equal to the Required Debt Service Reserve Levels. [The Debt Service Reserve Subaccount shall be disbursed solely for the purpose of paying principal on and after the [Scheduled][Final Maturity Date] of, and interest on, Bonds of the Series for which such Debt Service Reserve Subaccount was established for the payment of which there shall be insufficient money in the General Subaccount (including in the Debt Service Subaccounts), the Excess Funds Subaccount and the Overcollateralization Subaccount, and the holders of any other Series of Bonds shall have no right to payment of principal of or interest on Bonds from, and shall have no Lien on, amounts on deposit in such account.]

(c) (i) Disbursement from each Debt Service Reserve Subaccount shall be made in the following order of priority:

- (A) cash on deposit in such Debt Service Reserve Subaccount,
 - (B) amounts drawn on an Ancillary Agreement on deposit in such Debt Service Reserve Subaccount, and ratably among Ancillary Agreements.
- (ii) Reserved.

ARTICLE IX
SUPPLEMENTAL TRUST AGREEMENTS

Section 9.01 Supplemental Trust Agreements Without Consent of Bondholders.

Notwithstanding any other provision of this Trust Agreement, including, but not limited to Section 3.05(m), without the consent of the Holders of any Bonds but with prior notice to the Rating Agencies, the Issuer, the Surety Providers and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more trust agreements supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes provided that such action does not adversely affect the interests of the Holders of the Bonds or the Ancillary Agreement Providers:

- (i) to correct or amplify the description of any property, including without limitation the Collateral, at any time subject to the Lien of this Trust Agreement, or better to assure, convey and confirm to the Trustee any property subject or required to be subjected to the Lien of this Trust Agreement, or to subject to the Lien of this Trust Agreement additional property;
- (ii) to evidence the succession, in compliance with the applicable provisions hereof, of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Bonds contained;
- (iii) to add to the covenants of the Issuer, for the benefit of the Holders of the Bonds and the Ancillary Agreement Providers, or to surrender any right or power herein conferred upon the Issuer;
- (iv) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental Trust Agreement which may be inconsistent with any other provision herein or in any supplemental Trust Agreement or to make any other provisions with respect to matters or questions arising under this Trust Agreement or in any supplemental Trust Agreement;
- (vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Bonds and to add to or change any of the provisions of this Trust Agreement as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Trust Agreement to such extent as shall be necessary to effect the qualification of this Trust Agreement under the Trust Indenture Act or under any similar federal statute hereafter enacted and to add to this Trust Agreement such other provisions as may be expressly required by the Trust Indenture Act;

(viii) to qualify the Bonds of any Tranche for listing on a securities exchange or registration with a Clearing Agency;

(ix) to satisfy any Rating Agency requirements or criteria or to maintain, or improve upon, the existing ratings on the Bonds; or

(x) to provide for the issuance of Series of Bonds in compliance with the provisions of this Trust Agreement.

The Trustee is hereby authorized to join in the execution of any such supplemental Trust Agreement and to make any further appropriate agreements and stipulations that may be therein contained.

Section 9.02 Supplemental Trust Agreements with Consent of Bondholders and Ancillary Agreement Providers.

The Issuer and the Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds of each Tranche to be affected and each Ancillary Agreement Provider to be affected, by Act of such Holders delivered to the Issuer and the Trustee, enter into a trust agreement or trust agreements supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Trust Agreement or of modifying in any manner the rights of the Holders of the Bonds under this Trust Agreement; provided, however, that no such supplemental Trust Agreement shall, without the consent of the Holder of each Outstanding Bond of each Tranche affected thereby:

(i) change the date of payment of any installment of principal of or interest on any Bond, or reduce the principal amount thereof or the interest rate thereon, change the provisions of this Trust Agreement relating to the application of collections on, or the proceeds of the sale of, the Collateral to payment of principal of or interest on the Bonds, or change any place of payment where, or the coin or currency in which, any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of this Trust Agreement requiring the application of funds available therefor, as provided in Article V, to the payment of any such amount due on the Bonds on or after the respective due dates thereof;

(ii) reduce the percentage of the Outstanding Amount of the Bonds or of a Series or a Tranche thereof, the consent of the Holders of which is required for any such supplemental Trust Agreement, or the consent of the Holders of which is required for any

waiver of compliance with certain provisions of this Trust Agreement or certain defaults hereunder and theft consequences provided for in this Trust Agreement;

(iii) modify or alter the provisions of the proviso to the definition of the term “Outstanding”;

(iv) reduce the percentage of the Outstanding Amount of the Bonds required to direct the Trustee to direct the Issuer to sell or liquidate the Collateral pursuant to Section 5.04;

(v) modify any provision of this Section 9.02 except to increase any percentage specified herein or to provide that certain additional provisions of this Trust Agreement or the other Financing Documents cannot be modified or waived without the consent of the Holder of each Outstanding Bond affected thereby;

(vi) modify any of the provisions of this Trust Agreement in such manner as to affect the calculation of the amount of any payment of interest or principal due on any Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Amortization Schedules, Expected Sinking Fund Schedule or Final Maturity Dates of any Series or Tranche of Bonds;

(vii) decrease the Required Debt Service Reserve Level [or Required Overcollateralization Level];

(viii) modify the provisions of this Trust Agreement regarding the voting of the Bonds held by the Issuer, the Servicer or any Affiliate of any of the foregoing Persons;

(ix) decrease the percentage of the aggregate principal amount of Bonds or affected Tranche required to amend the sections of this Trust Agreement which specify applicable percentages of the aggregate principal amount of the Bonds necessary to amend any Financing Document;

(x) Reserved; or

(xi) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Trust Agreement with respect to any part of the Collateral, other than as contemplated by Section 3.09(b) or (d), or except as otherwise permitted or contemplated herein, terminate the Lien of this Trust Agreement on any property at any time subject hereto or deprive the Holder of any Bond of the security provided by the Lien of this Trust Agreement.

The Trustee may in its discretion determine whether or not any Bonds of a Series or a Tranche would be affected by any supplemental Trust Agreement and any such determination shall be conclusive upon the Holders of all Bonds of such Series or Tranche, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for any Act of Bondholders under this Section 9.02 to approve the particular form of any proposed supplemental Trust Agreement, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental Trust Agreement pursuant to this Section 9.02, the Issuer shall send or cause to be sent to the Rating Agencies, Ancillary Agreement Providers and the Holders of the Bonds to which such amendment or supplemental Trust Agreement relates either a copy of such supplemental Trust Agreement or a notice setting forth in general terms the substance of such supplemental Trust Agreement. Any failure of the Trustee to send such copy or notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental Trust Agreement.

Section 9.03 Execution of Supplemental Trust Agreements.

In executing any supplemental Trust Agreement permitted by this Article IX or the modifications thereby of the trust created by this Trust Agreement, the Trustee shall be entitled to receive, and subject to Sections 6.01 and 6.02, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental Trust Agreement is authorized or permitted by this Trust Agreement. The Trustee may, but shall not be obligated to, enter into any such supplemental Trust Agreement that affects the Trustee's own rights, duties, liabilities or immunities under this Trust Agreement or otherwise.

Any supplemental Trust Agreement shall be accompanied by an Opinion of Counsel to the effect that it does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 9.04 Effect of Supplemental Trust Agreement.

Upon the execution of any supplemental Trust Agreement pursuant to the provisions hereof, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith with respect to each Tranche of Bonds affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Trust Agreement of the Trustee, the Issuer and the Holders of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental Trust Agreement shall be and be deemed to be part of the terms and conditions of this Trust Agreement for any and all purposes. If required by the Trustee, Bonds may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental Trust Agreement. If the Issuer or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental Trust Agreement may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X
REDEMPTION OF BONDS

Section 10.01 Redemption by Issuer.

This Trust Agreement does not permit redemption of Bonds prior to maturity under any circumstances, except as required or permitted by the applicable Supplemental Trust Agreement, and in each case pursuant to this Article X.

Section 10.02 Privilege of Redemption and Redemption Price.

Bonds of a Tranche of a Series subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article X, at the times and at the Redemption Prices specified in the applicable Supplemental Trust Agreement.

Section 10.03 Redemption at the Direction of the Issuer.

In the case of any redemption of Bonds at the direction of the Issuer, the Issuer shall give written notice to the Trustee of its direction so to redeem, of the redemption date, of the Tranche and of the principal amounts of the Bonds of each maturity of such Tranche and of the Bonds of each interest rate within a maturity to be redeemed (which Tranche, Series, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in this Trust Agreement). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been provided pursuant to Section 10.06, there shall be paid prior to the redemption date to the appropriate Paying Agent an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Issuer shall promptly notify the Trustee in writing of all such payments by it to a Paying Agent other than the Trustee.

Section 10.04 Redemption Otherwise Than at the Issuer's Direction.

Whenever by the terms of this Trust Agreement the Trustee is required or authorized to redeem Bonds otherwise than at the direction of the Issuer, the Trustee shall (i) select the Bonds to be redeemed, (ii) give the notice of redemption for and on behalf of and at the expense of the Issuer, and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article X.

Section 10.05 Selection of Bonds to be Redeemed.

If fewer than all of the Bonds of like Tranche shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that for any Bond of a denomination of more than the Minimum Denomination, the portion of such Bond to be redeemed shall be in a principal amount equal to such Minimum Denomination, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of such Minimum Denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of such Minimum Denomination.

Section 10.06 Notice of Redemption.

(a) When the Trustee shall receive notice from the Issuer of its election or direction to redeem Bonds pursuant to Section 10.03, and when redemption of Bonds is authorized or required pursuant to Section 10.04, the Trustee shall give notice, in the name of, on behalf of and at the expense of the Issuer, of the redemption of such Bonds, which notice shall specify the Series, CUSIP number, if any, maturities and interest rates within maturities, if any, of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if fewer than all of the Bonds of any like Tranche, Series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, subject to Section 10.06(b) below. Such notice shall be mailed by the Trustee, postage prepaid, not less than 30 days before the redemption date, to the Registered Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the Bond Register, subject to Section 2.16(b), and also promptly shall be given to the Rating Agencies.

(b) Any notice of optional redemption of Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

(c) Failure of the Registered Holder of any Bond which is to be redeemed to receive any notice given pursuant to subsection (a) or (b) of this Section 10.06 shall not affect the sufficiency or validity of the proceedings contemplated thereby.

Section 10.07 Payment of Redeemed Bonds.

Notice having been given in the manner provided in Section 10.06, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, if presentation and surrender thereof are required hereby, upon presentation and surrender thereof at the office specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, if presentation and surrender thereof are required hereby, the Issuer shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the

unredeemed balance of the principal amount of the Bonds so surrendered, at the option of the owner thereof, Bonds of like Tranche, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Tranche, maturity, or of like interest rate within a maturity, to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Tranche, Series, maturity and interest rate so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear or accrete interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE XI **MISCELLANEOUS**

Section 11.01 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer, the Issuer or the Administrator, stating that the information with respect to such factual matters is in the possession of the Servicer, the Issuer or the Administrator, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Trust Agreement, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Trust Agreement, they may, but need not, be consolidated and form one instrument.

Section 11.02 Notices.

(a) Unless otherwise specifically provided herein, all notices, directions, consents and waivers required under the terms and provisions of this Trust Agreement shall be in English and in writing, and any such notice, direction, consent or waiver may be given by United States mail, courier service, facsimile transmission or electronic mail (confirmed by telephone, United States mail or courier service in the case of notice by facsimile transmission or electronic mail) or any other customary means of communication, and any such notice, direction, consent or waiver shall be effective when delivered, or if mailed, three (3) days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Issuer, to:

Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation
[c/o _____, as Administrator]

San Juan, Puerto Rico _____
Attention: _____
Telephone: (____) _____
Telecopy: (____) _____
Email: _____

if to the Trustee, to:

[TRUSTEE]

New York, New York _____
Attention: _____
Telephone: (____) _____
Telecopy: (____) _____
Email: _____

if to the Servicer, to:

Puerto Rico Aqueduct and Sewer Authority
[]
San Juan, Puerto Rico []
Attention: Office of the General Counsel
Telephone: (____) _____
Telecopy: (____) _____
Email: _____

if to the Rating Agencies, to:

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
Attention: Structured Credit Surveillance
Telephone: 212-438-8991
E-mail: servicer-report@standardandpoors.com

and

Moody's Investors Service, Inc.
25th Floor, 7 World Trade Center, 250 Greenwich Street
New York, New York 10007
Attention: ABS/RMBS Monitoring Department
E-mail: ServicerReports@moodys.com

and

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Attention: ABS Surveillance
Telephone: 212-908-0500
E-mail: surveillance-abs-other@fitchratings.com

If to the Ancillary Agreement Providers, then to the address set forth for such Ancillary Agreement Provider in the applicable Ancillary Agreement.

or in each case at such other address as shall be designated to the Issuer and the Trustee.

Section 11.03 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 11.04 Successors and Assigns.

All covenants and agreements in this Trust Agreement and the Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Trust Agreement shall bind its successors.

Section 11.05 Severability.

In case any provision in this Trust Agreement or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.06 Benefits of Trust Agreement.

Nothing in this Trust Agreement or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Bondholders, and any other party secured hereunder (including, without limitation, each Ancillary Agreement Provider), and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Trust Agreement.

Section 11.07 Legal Holidays.

In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Bonds or this Trust Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date. In any case where the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, is not a Business Day, such act may be performed and such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the date on which nominally required.

Section 11.08 Governing Law.

(a) This Trust Agreement shall be governed by the law of New York and shall be construed in accordance with the substantive laws of the State of New York, applied as if this Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. All rights of the holders of the Bonds shall be governed by the laws of the State of New York. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Financing Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

(b) With respect to any claim related to the Bonds (including claims arising under the Financing Resolution or under the Financing Documents and, to the extent permitted by law, the Initial Servicing Agreement), the Issuer hereby irrevocably submits and waives any objection to the non-exclusive, *in personam* jurisdiction and venue of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and to the application of the laws of the State of New York, and agrees to maintain contacts with the State of New York sufficient to give the courts located therein personal jurisdiction over the Issuer. Notwithstanding the foregoing, any proceeding commenced and undertaken pursuant to the provisions of Articles 7(c) of the Act must be filed in the Superior Court, San Juan Part, and follow the procedures established therein.

Section 11.09 Counterparts.

This Trust Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 11.10 No Recourse to Trustees, Etc., and Shareholders, Etc.

No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Trustee on the Bonds or under this Trust Agreement or any certificate or other writing delivered in connection herewith or therewith, against (i) any trustee, director, officer, employee, agent or attorney of the Issuer or (ii) any shareholder, partner, owner, beneficiary, agent, officer, director or employee of the Trustee: Each Bondholder by accepting a Bond specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

Section 11.11 No Recourse to Issuer or PRASA.

Notwithstanding any provision of this Trust Agreement or any supplemental Trust Agreement to the contrary, Bondholders and the Trustee shall have no recourse to the credit or any assets of the Servicer or the Issuer (other than, in the case of the Issuer, the Collateral), but shall look only to the Collateral, with respect to any amounts due to the Bondholders hereunder and under the Bonds and to the Trustee. Each Bondholder by accepting a Bond, and the Trustee, specifically confirms the non-recourse nature of these obligations and waives and releases all such liability. These waivers and releases are part of the consideration for issuance of the Bonds.

Section 11.12 Inspection.

The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports, and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited by Independent certified public accountants, and to discuss the Issuer's affairs, finances and accounts with the Trustee's officers, employees, and Independent certified public accountants, all at such reasonable times and as often as may be reasonably requested. The Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by the Trustee from sources other than the Issuer, provided such parties are rightfully in possession of such information and do not have an obligation of confidentiality, (ii) disclosure of any and all information (A) if required to do so by any applicable act, law, rule or regulation, (B) pursuant to any subpoena, civil investigative demand or similar demand or regulatory authority exercising its proper jurisdiction, (C) in any preliminary or final official statement, or contract or other document pertaining to the transactions contemplated by this Trust Agreement or the other Financing Documents approved in advance by the Issuer or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of the Trustee having a need to know the same,

provided that such parties agree to be bound by the confidentiality provisions contained in this Section 11.12, or (iii) any other disclosure authorized by the Issuer.

Section 11.13 Trustee Capacity.

Each of the Bondholders by accepting the Bonds shall be deemed to acknowledge and consent to [TRUSTEE] acting in the capacity of Trustee.

Section 11.14 Waiver of Jury Trial.

EACH OF THE ISSUER AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS TRUST AGREEMENT, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.15 Rule 17g-5 Compliance.

(a) The Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Trustee to any Rating Agency under this Trust Agreement or any other Financing Document to which it is a party for the purpose of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected website (the “17g-5 Website”). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Trust Agreement, Rule 17g-5 or any other law or regulation. In no event shall the Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Trust Agreement, Rule 17g-5 or any other law or regulation. The Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Bonds or for the purposes of determining the initial credit rating of the Bonds or undertaking credit rating surveillance of the Bonds with any Rating Agency or any of its respective officers, directors or employees. The Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization (“NRSRO”), any of their respective agents or any other party. Additionally, the Trustee shall not be liable for the Use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

Section 11.16 Actions by Issuer.

Any action required to be taken by the Issuer may be taken by the Administrator on its behalf, unless the Servicer is in default under the Initial Servicing Agreement; provided, for the avoidance of doubt, such arrangement shall not relieve the Issuer of any of its obligations.

[Balance of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, Puerto Rico Aqueduct and Sewer Authority Revitalization Issuer has caused this Trust Agreement to be executed by its _____ and its corporate seal to be impressed hereon and attested by its _____, and [TRUSTEE], has caused this Trust Agreement to be executed in its behalf by one of its _____ and its corporate seal to be impressed hereon and attested by one of its _____, all as of the day and year first above written.

PUERTO RICO AQUEDUCT AND SEWER
AUTHORITY REVITALIZATION CORPORATION

(SEAL)

By: _____
Its:

Attest:

Its:

[TRUSTEE],
as Trustee

By: _____
Its:

Attest:

Its:

COMMONWEALTH OF PUERTO RICO)
) ss.:
MUNICIPALITY OF SAN JUAN)

On the ____ day of _____, in the year 20____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [s]he resides in the Municipality of _____, Puerto Rico; that [s]he is the _____ of the Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, the body corporate described in and which executed the above instrument; that [s]he knows the seal thereof; that the seal affixed to said instrument is the corporate seal of Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation; that it was so affixed by order of the Governing Board of the Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation; and that [s]he signed [his][her] name thereto by like order.

/s/
NOTARY PUBLIC

Affidavit # ____

My commission expires: N/A

(SEAL)

STATE OF _____)
) ss.:
COUNTY OF _____)

On the ____ day of _____, in the year 20____, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [s]he resides at _____; that [s]he is a _____ of [TRUSTEE], the banking association described in and which executed the above instrument; that [s]he knows the seal of said association; that the seal affixed to said instrument is the corporate seal of said association; that it was so affixed by authority of Board of Directors of said association; and that [s]he signed [her][his] name thereto by like authority.

/s/
NOTARY PUBLIC

My commission expires: _____, 20____

(SEAL)

EXHIBIT A
CURRENT INTEREST BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

REGISTERED NO. []

\$[]

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE PRINCIPAL OF THIS TRANCHE [] BOND WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS TRANCHE { - } BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

REVITALIZATION BONDS

SERIES [_____]

TRANCHE [] BOND

Interest Rate

[]%

Final Maturity Date

Original CUSIP

Original Principal Amount:

Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the “Issuer”), for value received, hereby promises to pay to [_____], or registered assigns, the Original Principal Amount shown above in semiannual installments on the Payment Dates and in the amounts specified in the Trust Agreement hereinafter mentioned in each year, commencing on the date determined pursuant to Section [___] of the Supplemental Trust Agreement and ending on or before the Final Maturity Date (if this Tranche [-] Bond has a Final Maturity Date on and after _____, subject to redemption prior to maturity as described below) and to pay interest on the principal amount of this Tranche [-] Bond, at the Interest Rate shown above, on each [_____ and _____] (each a “Payment Date”), commencing on _____, 2016, or if any such day is not a Business Day, the next succeeding Business Day, and continuing until the later of the payment of the principal hereof or the Final Maturity Date. Interest on this Tranche [-] Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from _____, 2016. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The principal of and interest on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable on this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of Revitalization Bonds of the Issuer, designated as its Revitalization Bonds, Series 20[___] (herein called the “Bonds”), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond (collectively with all other Tranche [-] Bonds of this Series, the “Tranche [-] Bonds”), all issued or to be issued under a Trust Agreement dated as of _____, 2016 (the “Trust Agreement”), as supplemented by a [First] Supplemental Trust Agreement, dated as of _____, 2016, each by and between the Issuer and [TRUSTEE], as Trustee (the “Trustee,” which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [-] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

The principal of this Tranche [-] Bond shall be payable on each Payment Date until the Outstanding Amount thereof on such Payment Date (after giving effect to all payments of principal, if any, made on such Payment Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments shall be determined pursuant to Section 8.02 of the Trust Agreement. [The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Final Maturity Date hereof, and if not paid on such date, shall remain due and payable and interest shall continue to accrue thereon.] Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). Interest shall continue to accrue on any principal declared due and payable in accordance with the preceding sentence. All principal payments on the Tranche [-] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Payments of interest on this Tranche [-] Bond due and payable on each Payment Date, together with the installment of principal shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche [-] Bond (or one or more Predecessor Bonds) on the Bond Register as of the close of business on the Record Date, except that (i) upon application to the Trustee by any Holder owning Tranche [-] Bonds in the principal amount of \$10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Tranche [-] Bond is a Book-Entry Bond, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond evidencing this Tranche [-] Bond unless and as required by the operational rules and procedures of the Clearing Agency until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above), and except for the final installment of principal payable with respect to this Tranche [-] Bond on a Payment Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Bond Register as of the applicable Record Date without requiring that

this Tranche [-] Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche [-] Bond (or any one or more Predecessor Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof; whether or not noted hereon. If funds are expected to be available, as provided in the Trust Agreement, for payment in full of the then remaining unpaid principal amount of this Tranche [-] Bond on a Payment Date, then the Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche [-] Bond and shall specify the place where this Tranche [-] Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest and principal at the Bond Interest Rate to the extent lawful.

[If this Tranche [-] Bond has [a Final Maturity Date] on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount of such Tranche [-] Bonds to be redeemed.] Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount of all Bonds and accrued interest thereon has been declared to be due and payable, on each Payment Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected Sinking Fund Schedule included in Section [____] of the Supplemental Trust Agreement and on any Payment Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [____] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Payment Date shall reduce the amount to be redeemed on such Payment Date by a like principal amount.

If this Tranche [-] Bond has [a Final Maturity Date] on or after _____, 20____, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20____, upon payment of the Redemption Price of 100% of the principal amount of the Tranche [-] Bonds to be redeemed, together with accrued interest to the redemption date.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [-] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such

notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [-] Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall, if valid and binding under the Trust Agreement, be

conclusive and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term “Issuer” as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [-] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. [Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Financing Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.]

No reference herein to the Trust Agreement and no provision of this Tranche [-] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, notwithstanding any provision of the Trust Agreement to the contrary, the Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [-] Bond.

Pursuant to Article 13 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee’s obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-]

Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under The Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO AQUEDUCT AND
SEWER AUTHORITY
REVITALIZATION CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Date: [_____, 2016]

This is one of the Tranche [-] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Financing Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

*NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

*NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT B
FORM OF CONVERTIBLE BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

REGISTERED NO. []	ACCRETED VALUE AT CONVERSION DATE \$[]
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UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE ACCRETED VALUE OF THIS TRANCHE -] BOND WILL BE PAID AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING ACCRETED VALUE OF THIS TRANCHE [-] BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [-] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche - Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

REVITALIZATION BONDS

SERIES [____]
(Convertible Capital Appreciation Bond)

TRANCHE [-] BOND

Accretion Interest Rate
[]%

Final Maturity Date

Original CUSIP

Original Principal Amount: _____ DOLLARS

Accreted Value at Conversion Date: _____ DOLLARS

Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the “Issuer”), for value received, hereby promises to pay to [____], or registered assigns, the Accreted Value (as that term is defined in the Trust Agreement hereinafter referred to, and herein the “Accreted Value”) at the Conversion Date specified below (which amount represents the initial principal amount hereof, together with accrued interest on such initial principal amount from the date hereof until _____, 20____ (the “Conversion Date”) at the Accretion Interest Rate specified above, compounded on _____, 20____, and semiannually thereafter on _____ and _____ of each year (each, a “Distribution Date”) until the Conversion Date), together with interest on the Accreted Value at the Conversion Date paid at the Accretion Interest Rate specified above from the Conversion Date or from the most recent payment date to which interest has been paid. If the date of authentication of this Bond is after the Record Date immediately preceding an interest payment date, interest will be paid from such interest payment date and if no interest has been paid on this Bond, interest will be paid from the Conversion Date. Interest after the Conversion Date at such rate will be paid currently on each Distribution Date following the Conversion Date, and at the Final Maturity Date, as set forth herein, by wire transfer, at the corporate trust office of _____, as Trustee (the “Trustee”) or by check mailed on the applicable Distribution Date to the address of the registered owner hereof as shown on the registration books of the Issuer as maintained by the Trustee as of the close of business on the Record Date immediately preceding the applicable Distribution Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Accreted Value and applicable premium, if any, and interest after the Conversion Date on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable in this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of Revitalization Bonds of the Issuer, designated as its Revitalization Bonds, Series [_____] (herein called the “Bonds”), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond

(collectively with all other Tranche [-] Bonds of this Series, the “Tranche [-] Bonds”), all issued or to be issued under a Trust Agreement dated as of [_____, 2016] (the “Trust Agreement”), as supplemented by a [First] Supplemental Trust Agreement, dated as of [_____, 2016], each by and between the Issuer and [TRUSTEE], as Trustee (the “Trustee,” which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [-] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

The Accreted Value and applicable premium, if any, of this Tranche [] Bond shall be payable on each Distribution Date only to the extent that amounts in the Collection Account are available therefor, and only until the Outstanding Amount thereof on such Distribution Date (after giving effect to all payments of principal, if any, made on such Distribution Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [_____] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Trust Agreement. The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). All principal payments on the Tranche [] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Payments of interest after the Conversion Date on this Tranche [] Bond due and payable on each Distribution Date, together with the installment of principal shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche [-] Bond (or one or more Predecessor Bonds) on the Bond Register as of the

close of business on the Record Date, except that (i) upon application to the Trustee by any Holder owning Tranche [-] Bonds in the principal amount of \$10,000,000 or more not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder and (ii) if this Tranche [-] Bond is a Book-Entry Bond, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Bond evidencing this Tranche [-] Bond unless and as required by the operational rules and procedures of the Clearing Agency until such Bond is exchanged for Definitive Bonds (in which event payments shall be made as provided above), and except for the final installment of principal payable with respect to this Tranche [-] Bond on a Distribution Date which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Bond Register as of the applicable Record Date without requiring that this Tranche [-] Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche [-] Bond (or any one or more Predecessor Bonds) effected by any payments made on any Distribution Date shall be binding upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Trust Agreement, for payment in full of the then remaining unpaid principal amount of this Tranche [-] Bond on a Distribution Date, then the Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Distribution Date by notice mailed no later than five days prior to such final Distribution Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche [-] Bond and shall specify the place where this Tranche [-] Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Default Rate to the extent lawful.

If this Tranche [-] Bond has a Final Maturity Date on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount or Accreted Value of such Tranche [-] Bonds to be redeemed. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount or Accreted Value of all Bonds and accrued interest thereon to the Conversion Date to the date fixed for redemption without premium has been declared to be due and payable, on each Distribution Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected Sinking Fund Schedule included in Section [___] of the Supplemental Trust Agreement and on any Distribution Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [-] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Distribution Date shall reduce the amount to be redeemed on such Distribution Date by a like principal amount.

If this Tranche [-] Bond has a Final Maturity Date on or after _____, 20____, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20____, upon payment of the Redemption Price of 100% of the principal amount or Accreted Value of the Tranche [-] Bonds to be redeemed, together with accrued interest to the Conversion Date to the date fixed for redemption without premium.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price together with accrued interest to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche [-] Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all

other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall be conclusive, and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term "Issuer" as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Financing Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

No reference herein to the Trust Agreement and no provision of this Tranche [-] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Accreted Value and interest on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, notwithstanding any provision of the Trust Agreement to the contrary, the

Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [] Bond.

Pursuant to Article 13 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-] Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [-] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under the Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO AQUEDUCT AND
SEWER AUTHORITY
REVITALIZATION CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [_____, 2016]

This is one of the Tranche [-] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Financing Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

*NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

*NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

EXHIBIT C
FORM OF CAPITAL APPRECIATION BOND

[TO BE CONFORMED TO FINAL BOND TERMS]

REGISTERED NO. []	ACCRETED VALUE AT SCHEDULED MATURITY DATE \$[]
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UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR BONDS IN DEFINITIVE REGISTERED FORM, THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE CLEARING AGENCY TO THE NOMINEE OF THE CLEARING AGENCY OR BY A NOMINEE OF THE CLEARING AGENCY TO THE CLEARING AGENCY OR ANOTHER NOMINEE OF THE CLEARING AGENCY OR BY THE CLEARING AGENCY OR ANY SUCH NOMINEE TO A SUCCESSOR CLEARING AGENCY OR A NOMINEE OF SUCH SUCCESSOR CLEARING AGENCY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE ACCRETED VALUE OF THIS TRANCHE [-] BOND WILL BE PAID AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING ACCRETED VALUE OF THIS TRANCHE [] BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE HOLDER OF THIS BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE COLLATERAL, AS DESCRIBED IN THE TRUST AGREEMENT, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS TRANCHE [] BOND UNDER THE TERMS OF THE TRUST AGREEMENT WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN THE TRUST AGREEMENT.

The Tranche [-] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than the Collateral pledged by the Issuer to the payment thereof.

REVITALIZATION BONDS

SERIES [_____] (Capital Appreciation Bond)

TRANCHE [-] BOND

Accretion Interest Rate Scheduled Maturity Date Final Maturity Date Original CUSIP

Original Principal Amount: _____ DOLLARS

Accreted Value at Scheduled Maturity Date: _____ DOLLARS

Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, a special purpose public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (herein referred to as the “Issuer”), for value received, hereby promises to pay to [_____], or registered assigns, on the payment date determined pursuant to the below-described Trust Agreement, the original principal amount set forth above, together with interest accrued thereon to the Scheduled Maturity Date identified above or such earlier redemption date at the Accretion Interest Rate set forth above from the date of authentication and delivery of this Bond, compounded semiannually on _____ and _____ of each year, beginning _____, 20____ (the “Accreted Value”). Interest will be computed on the basis of a 360-day year of twelve 30-day months.]

The Accreted Value and applicable premium, if any, on this Tranche [-] Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Tranche [-] Bond shall be applied first to interest due and payable on this Tranche [-] Bond as provided above and then to the unpaid principal of this Tranche [-] Bond, all in the manner set forth in Section 8.02 of the Trust Agreement.

This Tranche [-] Bond is one of a duly authorized issue of [Reserve] Bonds of the Issuer, designated as its Revitalization Bonds, Series [-] (herein called the “Bonds”), issuable in one or more Series and Tranches, and further designated as a Tranche [-] Bond (collectively with all other Tranche [-] Bonds of this Series, the “Tranche [-] Bonds”), all issued or to be issued under a Trust Agreement dated as of [_____, 2016] (the “Trust Agreement”), as supplemented by a [First] Supplemental Trust Agreement, dated as of [_____, 2016], each by and between the Issuer and [TRUSTEE], as Trustee (the “Trustee,” which term includes any successor trustee under the Trust Agreement), to which Trust Agreement and all trust agreements supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Holders of the Bonds. All terms used in this Tranche [-] Bond that are defined in the Trust Agreement, as supplemented or amended, shall have the meanings assigned to them in the Trust Agreement, as supplemented or amended.

The Tranche [] Bonds and the other Series and Tranches of Bonds issued and to be issued by the Issuer are and will be equally and ratably secured by the Collateral, as provided in the Trust Agreement.

The Tranche [] Bonds shall not be a debt of the Commonwealth of Puerto Rico, nor shall they be payable out of any funds other than those of the Issuer.

The Accreted Value and applicable premium, if any, of this Tranche [-] Bond shall be payable on each Distribution Date only to the extent that amounts in the Collection Account are available therefor, and only until the Outstanding Amount thereof on such Distribution Date (after giving effect to all payments of principal, if any, made on such Distribution Date) has been reduced to the principal balance specified in the Expected Amortization Schedule or Expected Sinking Fund Schedule, as applicable, which is included in Section [_____] of the Supplemental Trust Agreement, unless payable earlier either because an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in accordance with Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement) or, if this Tranche [-] Bond is subject to optional redemption prior to maturity, because this Tranche [-] Bond has been redeemed prior to maturity. However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Trust Agreement. The entire unpaid principal amount of this Tranche [-] Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Trustee or the Holders of the Holders of the Eligible Bonds representing not less than a [majority] of the Outstanding Amount of the Eligible Bonds have declared the Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Trust Agreement (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Trust Agreement). All principal payments on the Tranche [-] Bonds shall be made pro rata to the Tranche [-] Bondholders entitled thereto based on the respective principal amounts of the Tranche [-] Bonds held by them.

Interest on any unpaid Accreted Value of the Bonds will continue to accrete and be compounded semi-annually at their respective rates corresponding to the increases in Accreted Value shown on the Accreted Value Tables attached as Exhibit I to the applicable Supplemental Trust Agreement until the Scheduled Maturity Date, and thereafter such Bond shall be interest at _____% (the “Default Rate”).

If this Tranche [-] Bond has a Final Maturity Date on or after _____, it shall be subject to redemption from time to time prior to maturity at a Redemption Price of 100% of the principal amount or Accreted Value of such Tranche [-] Bonds to be redeemed. Unless an Event of Default shall have occurred and be continuing and the unpaid principal amount or Accreted Value to the date fixed for redemption without premium has been declared to be due and payable, on each Distribution Date, the Trustee shall redeem such Tranche [-] Bonds prior to maturity and pay to the Registered Holders amounts payable pursuant to Section 8.02(e) as a Sinking Fund Payment until the Outstanding Amount of such Tranche [-] Bonds has been reduced to zero; provided, however, that any payment that reduces the Outstanding Amount to zero shall be applied as a payment of a maturity of such Tranche [-] Bonds and not as a redemption prior to maturity; provided further, however, that no Sinking Fund Payment shall be made prior to the first Scheduled Sinking Fund Redemption Date specified in the Expected

Sinking Fund Schedule included in Section [-] of the Supplemental Trust Agreement and on any Distribution Date in an amount that reduces the Outstanding Amount of such Tranche [-] Bonds below the Minimum Remaining Outstanding Amount specified in the Expected Sinking Fund Schedule included in Section [-] of the Supplemental Trust Agreement; and provided further, however, that any Tranche [-] Bonds presented to the Trustee for cancellation on or before forty-five (45) days prior to a Distribution Date shall reduce the amount to be redeemed on such Distribution Date by a like principal amount.

If this Tranche [] Bond has a Final Maturity Date on or after _____, 20____, it shall be subject to optional redemption by the Issuer in whole or in part, in any order, from time to time on any Business Day on and after _____, 20____, upon payment of the Redemption Price of 100% of the principal amount or Accreted Value of the Tranche [-] Bonds to be redeemed, together with accrued interest to the Conversion Date to the date fixed for redemption without premium.

[At Par Mandatory Redemption]

Notice of redemption of Tranche [-] Bonds shall be given as provided by Section 10.06 of the Trust Agreement not less than 30 days before the redemption date to the Registered Holders of the Tranche [-] Bonds to be redeemed, at their last addresses, if any, appearing on the Bond Register; provided, however, that if this Tranche [-] Bond is a Book-Entry Bond, such notice shall be given to the Clearing Agency. Failure of the Registered Holder of any Tranche [-] Bond which is to be redeemed to receive any notice of redemption shall not affect the sufficiency or validity of the proceedings for the redemption thereof.

Any notice of optional redemption of Tranche [-] Bonds may state that it is conditional in whole or in part upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of 100 percent of the Accreted Value to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded if and to the extent any such other event occurs. Notice of such rescission, failure to fund the Redemption Price or satisfaction of such other condition shall be given by the Trustee to affected Registered Holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

As provided in the Trust Agreement and subject to certain limitations set forth therein, the transfer of this Tranche [-] Bond may be registered on the Bond Register upon surrender of this Tranche [-] Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Trust Agreement, duly endorsed by, or accompanied by (a) a written instrument of transfer in form satisfactory to the Trustee duly executed by the Holder hereof or his attorney duly authorized in writing, with such signature guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee, and (b) such other documents as the Trustee may require, and thereupon one or more new Tranche [-] Bonds of Minimum Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service

charge will be charged for any registration of transfer or exchange of this Tranche [] Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange.

Prior to the due presentment for registration of transfer of this Tranche [-] Bond, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Tranche [-] Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and interest on this Tranche [-] Bond and for all other purposes whatsoever, whether or not this Tranche [-] Bond be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

The Trust Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Bonds under the Trust Agreement at any time by the Issuer with the consent of the Holders of Bonds representing a majority of the Outstanding Amount of all Bonds at the time Outstanding of each Tranche to be affected. The Trust Agreement also contains provisions permitting the Holders of Bonds representing specified percentages of the Outstanding Amount of the Bonds, on behalf of the Holders of all the Bonds, to waive compliance by the Issuer with certain provisions of the Trust Agreement and certain past defaults under the Trust Agreement and their consequences. Any such consent or waiver by the Holder of this Tranche [-] Bond (or any one of more Predecessor Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche [-] Bond and of any Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche [-] Bond. The Trust Agreement also permits the Trustee to amend or waive certain terms and conditions set forth in the Trust Agreement without the consent of Holders of the Bonds issued thereunder.

The Trust Agreement contains provisions for defeasance at any time of the indebtedness of the Issuer on this Tranche [-] Bond upon compliance by the Issuer with certain conditions set forth in the Trust Agreement.

The term "Issuer" as used in this Tranche [-] Bond includes any successor to the Issuer under the Trust Agreement.

The Tranche [-] Bonds are issuable only in registered form in Minimum Denominations as provided in the Trust Agreement, subject to certain limitations therein set forth.

This Tranche [-] Bond and the Trust Agreement shall be construed in accordance with the substantive laws of the State of New York, applied as if this Bond and the Trust Agreement were executed in New York and to be performed entirely within New York, without giving effect to its conflict of law or other principles that would cause the application of the laws of another jurisdiction. Notwithstanding the foregoing, all matters of the constitutional and statutory law of the Commonwealth of Puerto Rico (including the Act) and the Financing Resolution, all rights of the Issuer, the Trustee or the Servicer against any Customer by virtue of the Act and of the effect of the judgments and decrees of the Commonwealth courts, shall in all events be governed by the law of the Commonwealth of Puerto Rico.

No reference herein to the Trust Agreement and no provision of this Tranche [] Bond or of the Trust Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Accreted Value on this Tranche [-] Bond at the times, place, and rate, and in the coin or currency herein prescribed.

The Holder of this Tranche [-] Bond by acceptance hereof agrees to be bound by the terms of the Trust Agreement. Further, the Holder of this Tranche [-] Bond by acceptance hereof agrees that, 'notwithstanding any provision of the Trust Agreement to the contrary, the Holder shall have no recourse against the Issuer, but shall look only to the Collateral, with respect to any amounts due to the Holder under this Tranche [-] Bond.

Pursuant to Article 13 of the Act, the Issuer hereby acknowledges that the purchase of this Bond by the Holder or the purchase of any beneficial interest in a Bond by any Person and the Trustee's obligations to perform under the Trust Agreement are made in reliance on the covenants, agreements and pledges by the Commonwealth of Puerto Rico under the Act and recited in the Trust Agreement and, by this reference, incorporated herein.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Tranche [-] Bond and the series of which it is one have happened, do exist and have been performed in regular and due time, form and manner as required by law; that this Tranche [-] Bond and the series of which it is one do not exceed any constitutional or statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Tranche [-] Bond and the series of which it is one as provided in the Trust Agreement.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears in the Trustee's Certificate of Authentication below by manual signature, this Tranche [-] Bond shall not be entitled to any benefit under the Trust Agreement, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer.

Date: [_____, 2016]

PUERTO RICO AQUEDUCT AND
SEWER AUTHORITY
REVITALIZATION CORPORATION

By: _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: [_____, 2016]

This is one of the Tranche [] Bonds described in the within-mentioned Trust Agreement.

[TRUSTEE],
as Trustee

By: _____
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Tranche [-] Financing Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT Custodian (Custodian) (minor) Under Uniform Gifts to Minor Act (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee:

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche [-] Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney, to transfer said Tranche [-] Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

*NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Tranche [-] Bond in every particular, without alteration, enlargement or any change whatsoever.

*NOTE: Signature(s) must be guaranteed by an institution which is a member of one of the following recognized Signature Guaranty Programs: (i) The Securities Transfer Agent Medallion Program (STAMP), (ii) The New York Stock Exchange Medallion Program (MSP), (iii) the Stock Exchange Medallion Program (SEMP) or (iv) such other guarantee program acceptable to the Trustee.

APPENDIX A

DEFINITIONS

“Accreted Value” means, with respect to any Capital Appreciation Bond, an amount equal to the initial principal amount of such Bond, plus interest accrued thereon from its date compounded on each Distribution Date, commencing on the first Distribution Date after its issuance (through the date such Capital Appreciation Bond is paid in full or in the case of a Convertible Bond, through the applicable Conversion Date) at the Accretion Interest Rate for such Bond; provided, however, that the Trustee shall calculate or cause to be calculated the Accreted Value on any date other than a Distribution Date set forth in the applicable Supplemental Trust Agreement by straight line interpolation of the Accreted Values as of the immediately preceding and succeeding Distribution Date. In performing such calculation, the Trustee shall be entitled to engage and rely upon a firm of nationally recognized accountants, consultants or financial advisors with appropriate knowledge and experience.

“Accretion Interest Rate” has the meaning, with respect to any Capital Appreciation Bond, set forth in the applicable Supplemental Trust Agreement.

“Act” means Act No. 68 of the Legislature of Puerto Rico, approved July 12, 2016, as amended to the date of the Trust Agreement, and known as the “Act for the Revitalization of the Puerto Rico Aqueduct and Sewer Authority Act”.

“Act of the Bondholders” has the meaning specified in Section 7.01(a) of the Trust Agreement.

“Actual Revitalization Charge Collections” means the Revitalization Charge Collections that have been collected from Customers and deposited into the Allocation Account (whether directly by Customers or by the Servicer) during the applicable period.

“Additional Bonds” means any Bonds issued after the Initial Issuance Date pursuant to Section 3.09(b).

“Adjustment Mechanism” means the formulaic adjustment mechanism applied to Revitalization Charges contained in and approved by Financing Resolution No. 1 to be applied by the Servicer, on behalf of the Issuer, periodically, but not less often than semiannually, to ensure the collection of Revitalization Charge Revenues sufficient to provide for the timely payment of Ongoing Financing Costs. The establishment and adjustment of the Revitalization Charges made by the Servicer, on behalf of the Issuer, in relation to the Adjustment Mechanism shall not be subject to legislative or any other governmental review or approval, except as provided in Article 6 of the Act regarding the review by the Issuer to correct mathematical errors made by the Servicer. The Adjustment Mechanism is attached as Annex 1 to the Servicing Agreement.

“Administration Agreement” means the Administration Agreement dated as of _____ 2016, between _____, as Administrator, and the Issuer, relating to the provisions of the

administrative services by PRASA to the Issuer, as the same may be amended and supplemented from time to time.

“Administration Fee” means annual fees and expenses of the Administrator not to exceed \$ ____ per year unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

“Administrator” means [____], or any successor Administrator under the Administration Agreement.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Aggregate Scheduled Debt Service” means, for any period and as of any date of calculation, an amount equal to the principal of and interest on any Outstanding Bonds scheduled to be payable during such period, in accordance with the Expected Amortization Schedule.

“Allocation Account” means the deposit account or accounts designated by the Issuer from time to time and controlled by a Depository, into which all Customer Revenues are required to be deposited pursuant to Section 3.03 of the Servicing Agreement. Initially, the Allocation Account shall refer to the clearing account that has been established by the Issuer with [DEPOSITORY].

“Ancillary Agreement” means any bond insurance agreement or policy, letter of credit, reserve account, surety bond, swap arrangement, hedging arrangement, liquidity or credit support arrangement or other arrangement designed to promote the credit quality and marketability of Bonds or to mitigate the risk of a change in interest rates. As of the Initial Issuance Date, the Ancillary Agreements consist of the Surety Bond Agreements and the Surety Bonds.

“Ancillary Agreement Event” means, with respect to any Ancillary Agreement that was entered into in order to satisfy all or part of any Required Debt Service Reserve Level with respect to any Debt Service Reserve Subaccount, that either (i) the Issuer has failed to reimburse or otherwise pay within any applicable grace period for the occurrence of an Ancillary Agreement Event resulting from this clause (i) that is set forth in such Ancillary Agreement a party to such Ancillary Agreement when due, or (ii) the Issuer has failed to fund with cash the applicable Debt Service Reserve Subaccount in accordance with the schedule for the replacement of such Ancillary Agreement that is set forth in such Ancillary Agreement.

“Ancillary Agreement Providers” means the counterparties to any Ancillary Agreement. As of the Initial Issuance Date, the Ancillary Agreement Providers consist of: [].

“Annual Accountant’s Report” has the meaning set forth in Section 3.07 of the Servicing Agreement.

“Annual Calculation Period” means the 12-month period beginning on (but not including) a True-Up Adjustment Date and ending on (and including) a date which is 12 months later.

“Approved Financing Costs” has the meaning set forth in Finding of Fact [] of the Financing Resolution.

“Authorized Officer” means, with respect to the Issuer, any officer of the Issuer who is authorized to act for the Issuer in matters relating to the Issuer and who is identified on the list of Authorized Officers delivered by the Issuer to the Trustee on the Initial Issuance Date (as such list may be modified or supplemented by the Issuer from time to time thereafter).

“Award Resolution” means a resolution adopted by the Board of the Issuer approving the final pricing and terms of an issue of Bonds.

“Basic Documents” means the Trust Agreement, any Supplemental Trust Agreement, the Servicing Agreement, the Depository Agreement, the Calculation Agent Agreement, _____.

“Best Efforts” means reasonable best efforts consistent with customary water and sewer utility practices in the United States.

“Billing Month” means each 30 day period during which the Revitalization Charges are billed to Customers.

“Billing Period” means the period during which the water and sewer services reflected on a Customer’s Bill were received by such Customer.

“Bills” means each of the regular monthly bills, summary bills and other bills issued by the Servicer to Customers for Rates and, after the initial Issuance Date, the Revitalization Charges.

“Board” means the board of directors of the Issuer established pursuant to the Act.

“Bond Agreement” means a bond purchase agreement or underwriting agreement, or any tender or exchange agreement pursuant to which a Series of Bonds are delivered, as identified in a Supplemental Trust Agreement pursuant to which such Bonds are executed and delivered.

“Bond Counsel” means a firm of attorneys with nationally recognized expertise regarding the issuance of bonds the interest on which is excluded from gross income for federal income tax purposes, which counsel shall be reasonably acceptable to the party receiving such opinion(s) of counsel.

“Bond Balance” means, as of any date, the aggregate Outstanding Amount of all Bonds on such date.

“Bond Interest Rate” means, with respect to any Series and Tranche of Bonds, the Bond Interest Rate therefor as specified in the applicable Supplemental Trust Agreement.

“Bond Register” and “Bond Registrar” have the respective meanings specified in Section 2.05.

“Bondholder” or “Holder” means any Person in whose name a Bond is registered on the registration books maintained by the Issuer or the Trustee under the Trust Agreement, provided that for the purpose of exercising rights and taking actions under the Trust Agreement or any request, demand, authorization, direction, notice, consent or waiver or other action by Bondholders under the Trust Agreement or under any Financing Document, “Bondholder” or “Holder” means the beneficial owner of such Bond.

“Bonds” or “Revitalization Bonds” means any bonds issued pursuant to the Financing Resolution and the Trust Agreement.

“Book-Entry Bonds” means, with respect to any Bond, a beneficial interest in such Bond, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.16.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York, New York or in San Juan, Puerto Rico, are authorized or obligated by law, regulation or executive order to remain closed.

“Calculation Agent” means a third-party calculation agent (not affiliated with the Commonwealth or its instrumentalities, public corporations or municipalities) appointed and retained to confirm the Servicer’s calculation of the Revitalization Charges and the application of the Adjustment Mechanism from time to time. The initial Calculation Agent shall be _____. “Calculation Agent” shall include any successor or replacement appointed pursuant to Section 3.07(b).

“Calculation Agent Agreement” means the Calculation Agent Agreement dated as of _____, 20__ among the Issuer, the Servicer and the Calculation Agent, and acknowledged by the Trustee.

“Calculation Agent Fee” means annual fees and expenses of the Calculation Agent not to exceed \$ _____ per year unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

“Capital Appreciation Bond” means a Bond (including, as the context requires, a Convertible Bond prior to the applicable Conversion Date), the interest on which is payable at maturity (or, in the case of a Convertible Bonds, the interest on which accrues until the Conversion Date) and compounded semiannually on each Distribution Date to the Scheduled Maturity Date, Conversion Date or redemption date thereof, as the case may be.

“Certificate of Compliance” means the certificate referred to in Section 3.06 of the Servicing Agreement.

“Clear Market Period” means the period commencing on the Initial Issuance Date and ending three-years (thirty-six (36) months) thereafter.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

“Closing Date” means [_____, 2016].

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

“Collateral” has the meaning specified in the Granting Clause of the Trust Agreement.

“Collection Account” has the meaning specified in Section 8.02(a) of the Trust Agreement and any subaccounts contained therein.

“Collection Period” means the period from and including the first day of a calendar month to but excluding the first day of the next calendar month.

“Commonwealth” means Commonwealth of Puerto Rico.

“Commonwealth Pledge” has the meaning specified in Section 2.13.

“Continuing Disclosure Agreement” means _____.

“Conversion Date” means the date set forth in the applicable Supplemental Trust Agreement on and after which a Convertible Bond is deemed to be a Current Interest Bond.

“Convertible Bond” means a Capital Appreciation Bond which by its terms will be a Current Interest Bond on and after the applicable Conversion Date.

“Corporate Designee” means the Chair or Vice Chair of the Board of the Issuer.

“Corporate Trust Office” means the Mainland office of the Trustee at which at any particular time the Trust Agreement shall be administered, which office at the date of the execution of the Trust Agreement is located at [ADDRESS, Attention: _____] or at such other address as the Trustee may designate from time to time by notice to the Bondholders and the Issuer, or the principal corporate trust office of any successor Trustee (the address of which the successor Trustee will notify the Bondholders and the Issuer).

“Corporation” means Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, a special purpose public corporation and a governmental instrumentality of the Commonwealth of Puerto Rico, established pursuant to Article 4(a) of the Act.

“Court” has the meaning given to it in Article 7 of the Act.

“Current Interest Bond” means a Bond (including, as the context requires, a Convertible Bond on and after the applicable Conversion Date), the interest on which is payable on each Payment Date.

“Customer” means any Person that is connected to or takes or receives water or sewer service within the Commonwealth by means of the facilities constituting part of System Assets. PRASA shall not be a Customer.

“Customer Revenues” means all payments made by or on behalf of Customers, including, without limitation, all Rates and all Revitalization Charges.

“Daily Remittance” means each remittance of Estimated Revitalization Charge Collections or Actual Revitalization Charge Collections required to be remitted by the Depository to the Trustee pursuant to Section 3.03 of the Servicing Agreement.

“Daily Remittance Certificate” means the daily remittance certificate, substantially in the form attached as Exhibit A to the Servicing Agreement.

“Days Sales Outstanding” shall have the meaning set forth in Annex 3 of the Servicing Agreement.

“Debt Service Payment Default” means that an event of default has occurred with respect to the Bonds as a result of the failure of the Issuer to pay interest on or principal of the Bonds when due.

“Debt Service Reserve Subaccounts” has the meaning set forth in Section 8.02(a).

“Debt Service Subaccounts” has the meaning set forth in Section 8.02(a).

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

“Default Rate” means, with respect to any Bond, an interest rate per annum equal to the interest rate on such Bond plus ____%. Any reference to interest shall include, as applicable, interest at the Default Rate.

“Defeasance” means with respect to any Bonds, the defeasance of such Bonds in accordance with Article IV.

“Defeasance Securities” mean direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America.

“Definitive Bonds” has the meaning set forth in Section 2.16(a).

“Deposit Commencement Date” has the meaning set forth in Section 3.03 of the Servicing Agreement.

“Deposit Date” has the meaning set forth in Section 3.03 of the Servicing Agreement.

“Depository” means a third-party collection agent and financial institution reasonably accepted to the Servicer and the Issuer that (i) is organized under and subject to the regulations and laws of the United States or any State and licensed to operate in the Commonwealth, (ii) is neither affiliated with PRASA, the Commonwealth or its instrumentalities, public corporations, or municipalities, and (iii) has a capital and surplus of not less than \$1 billion. PRASA, GDB and FAFAA are expressly prohibited from acting as Depository. Initially, the Depository shall be _____. “Depository” shall include any successor or replacement appointed pursuant to Section 3.06(b).

“Depository Agreement” means the Depository Agreement by and among the Depository, PRASA, the Issuer and the Trustee.

“Depository Fee” means annual fees and expenses of the Depository not to exceed \$ _____ per year unless approved by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

“Designee Certificate” means a certificate of a Corporate Designee approving the final pricing and terms of an issue of Bonds.

“Distribution Date” means each _____ and _____, commencing with _____, 20 _____.

“DTC” means The Depository Trust Company, as securities depository for the Bonds, or its successor or any successor securities depository.

“Eligible Bonds” means Outstanding Bonds other than Bonds beneficially held by the Issuer, PRASA, the Commonwealth, or its instrumentalities, public corporations, or municipalities, or any subsidiary or affiliate of any of them, including, but not limited to GDB and FAFAA.

“Eligible Account” means a segregated trust account with an Eligible Institution.

“Eligible Institution” means (a) the corporate trust department of the Trustee so long as any securities of the Trustee have either a short-term credit rating from Moody’s of at least “P-1” or a long-term unsecured debt rating from Moody’s of at least “A2” and have a credit rating from each other rating agency in one of its generic categories which signifies Investment Grade, or (b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank), (i) which has either (A) a long-term issuer rating of “AA-” or higher by Standard & Poor’s and “A2” or higher by Moody’s, and, if rated by Fitch, the equivalent of the lower of those two ratings by Fitch, or (B) a short-term issuer rating of “A-1+” or higher by Standard & Poor’s and “P-1” or higher by Moody’s, and, if Fitch provides a rating thereon, “F1+” by Fitch, or any other long-term, short-term or certificate of deposit rating acceptable to Standard & Poor’s and Moody’s and (ii) whose deposits are insured by the FDIC. If so qualified under clause (b) above, the Trustee may be considered an Eligible Institution for the purposes of the definition of Eligible Account. “Eligible Institution” shall not include the GDB, or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof.

“Eligible Investments” means either cash or obligations of or backed by the full faith and credit of the United States Government. Without limiting the foregoing, no funds shall be invested by the Trustee or the Depository in any certificates of deposit or other obligations of the GDB or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof or deposited in or with the GDB or any other affiliate of the Commonwealth, its instrumentalities, public corporations or municipalities or any affiliate thereof.

“EMMA” has the meaning specified in Section 8.12 of the Servicing Agreement.

“Estimated PRASA Collections” means estimated PRASA Charges required to be remitted on a daily basis to the PRASA Bond Trustee pursuant to Section 3.03(b) of the Servicing Agreement.

“Estimated Revitalization Charge Collections” means the estimated Revitalization Charge Collections calculated as provided in Annex 3 of the Servicing Agreement and required to be remitted on a daily basis to the Trustee pursuant to Section 3.03(b) of the Servicing Agreement.

“Event of Default” has the meaning specified in Section 5.01.

“Excess Funds Subaccount” has the meaning specified in Section 8.02(a). With respect to the Servicing Agreement, it means any residual or excess, funds subaccount of the Collection Account other than the Reserve Account.

“Excess Remittance” means the amount, if any, calculated for a particular Reconciliation Period, by which Estimated Revitalization Charge Collections remitted to the Collection Account during such Reconciliation Period exceed Actual Revitalization Charge Collections received during such Reconciliation Period.

“Excess Surety Amount” means, as of any day, the aggregate principal amount of Refinanced Insured Bonds outstanding on such day.

“Excess Surety Event” means that, as of any day, there is an Excess Surety Amount greater than zero on such day.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Offer Bonds” means Bonds issued on Initial Issuance Date in exchange for PRASA Bonds.

“Expected Amortization Schedule” means a schedule specifying for each Tranche the initial principal amount, Bond Interest Rate, Scheduled Maturity Date and Final Maturity Date, including the Expected Sinking Fund Schedule for Term Bonds and the matters specified in the definition thereof, in each case as provided in the applicable Supplemental Trust Agreement.

“Expected Final Payment Date” means the Payment Date on which all of the Bonds are scheduled to be paid in full.

“Expected Sinking Fund Schedule” means a schedule specifying for any Term Bonds the Scheduled Sinking Fund Redemption Dates, Scheduled Outstanding Amounts, Scheduled Sinking Fund Payments and Minimum Remaining Outstanding Amounts, in each case as provided in the applicable Supplemental Trust Agreement.

“FAFAA” means the Fiscal Agency and Financial Advisory Authority, or any successor or successors thereto.

“FDIC” means the Federal Deposit Insurance Corporation or any successor.

“Final Maturity Date” means, with respect to any Tranche of Bonds, the date by which all principal and interest on that Tranche is required to be paid, as specified in the applicable Supplemental Trust Agreement.

“Financing Costs” has the meaning specified in the Financing Resolution and consists of Upfront Financing Costs and Ongoing Financing Costs; provided, however, with respect to the Servicing Agreement, that Financing Costs shall not include any amount, if any, that may be required to be paid by the Servicer (i) in settlement of, or as the result of a judgment against the Servicer arising from, any action with respect to the matters set forth in Section 5.02(b)(i), (ii), (iii) or (iv) of the Servicing Agreement, or (ii) in the case of any judgment against the Servicer arising from any such action, any attorneys’ fees or other expenses of the Servicer in connection therewith.

“Financing Documents” means, collectively, the Trust Agreement, each Supplemental Trust Agreement, the Servicing Agreement, the Depository Agreement, the Calculation Agent Agreement, Ancillary Agreements, Bond Purchase Agreement, Tender Agent Agreement, Dealer/Manager Agreement, Continuing Disclosure Agreement, and any other document or agreement included in the definition of Financing Documents in the Financing Resolution, as each may be amended, modified, supplemented, and restated from time to time, and each individually, a “Financing Document.”

“Financing Entity” has the meaning specified in Article 3(17) of the Act.

“Financing Property” means the Financing Resolution and the property rights and interests created thereby, including the right, title, and interest in and to: (a) the right to create and receive Revitalization Charges in amounts sufficient to pay the Bonds and all related Ongoing Financing Costs in full and on a timely basis; (b) the Revitalization Charges, as adjusted from time to time in accordance with the Adjustment Mechanism, including any rights under the Servicing Agreement, the Calculation Agent Agreement, the Depository Agreement or other agreement assigned pursuant to the Trust Agreement; (c) all revenues, collections, claims, payments, moneys, or proceeds of or arising from the Revitalization Charges or constituting Revitalization Charges, regardless of whether such revenues, collections, claims, payments, moneys, or proceeds are imposed, billed, received, accrued, collected or maintained by PRASA, any other Servicer or by the Issuer, together with or commingled with other revenues, collections, claims, payments, money or proceeds; (d) all rights to obtain adjustments to the Revitalization Charges pursuant to the terms of the Adjustment Mechanism, and the Financing Resolution; and (e) all reserves, Surety Bonds, or other collateral accounts established in

connection with the Bonds or the Financing Property or otherwise pledged to the payment of the Bonds under the Trust Agreement. Upon the issuance of Bonds, Financing Property shall constitute a vested, presently existing property right in the Issuer, as initial owner, subject to any pledge of Financing Property pursuant to the Act, notwithstanding the fact that the value of the property right will depend on further acts that have not yet occurred, including Customers remaining or becoming connected to the System Assets and taking or receiving water and sewer service, the imposition and billing of Revitalization Charges, or PRASA performing services. The concept of “Financing Property” shall not include real estate properties of PRASA nor any real rights created over such real estate properties.

“Financing Property Documentation” means all documents relating to Financing Property, including copies of the Financing Resolution and all documents filed with the Issuer in connection with any True-Up Letter.

“Financing Resolution” means an Issuer resolution adopted by the Board in accordance with the Act, which resolution creates financing property, approves the imposition and collection of revitalization charges and the financing of approved financing costs through the issuance of bonds and which contains the related adjustment mechanism, all as provided in Articles 6 and 7 of the Act.

“Financing Resolution No. 1” means Financing Resolution No. 1 adopted by the Board on _____, 20__ in accordance with the Act, which resolution created the Financing Property, approved the imposition and collection of Revitalization Charges and the financing of Approved Financing Costs through the issuance of the Bonds and which resolution contained the Adjustment Mechanism, all as provided in Articles 6 and 7 of the Act.

“Fitch” means Fitch Ratings, or any successor to its ratings business. References in the Trust Agreement to Fitch, as applied to the Bonds, shall be effective only if Fitch becomes a Rating Agency.

“GDB” means the Government Development Bank for Puerto Rico, or any successor or successors thereto.

“General Subaccount” has the meaning set forth in Section 8.02(a).

“Governmental Authority” means any nation or government, any federal, state, local or other political subdivision thereof and any court, administrative agency, or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative function of government.

“Grant” means mortgage, pledge, collaterally assign and grant a Lien upon and a security interest pursuant to the Trust Agreement. A Grant of the Collateral or of any other agreement or instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the Granting

party or otherwise and generally to do and receive anything that the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Independent” means, when used with respect to any specified Person, that the Person (a) is in fact independent of the Issuer, any other obligor upon the Bonds, the Servicer and any Affiliate of any of the foregoing Persons in accordance with the New York Stock Exchange Corporate Governance Rules, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, the Servicer, any such other obligor, or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Independent Certificate” means a certificate or opinion to be delivered to the Trustee, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Trustee, and such opinion or certificate shall state that the signer has read the definition of “Independent” in the Trust Agreement and that the signer is Independent within the meaning thereof.

“Independent [Registered] [Certified] Public Accountants” means [TO COME]/

“Initial Issuance Date” means the date on which the first Series of Bonds were issued and delivered under the Trust Agreement.

“Initial Servicing Agreement” means the Financing Property Servicing Agreement dated as of _____, 2016, between the Issuer and PRASA, as Servicer, as the same may be amended and supplemented from time to time in accordance with Section 8.01 thereof.

“Insolvency Event” means, with respect to a specified Person, (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person or any substantial part of its property in an involuntary case under any applicable federal, Commonwealth or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such Person of a voluntary case under any applicable federal, Commonwealth or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by such Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its property, or the making by such Person of any general assignment for the benefit of creditors, or the failure by such Person generally to pay its debts as such debts become due.

“Interested Person” means (a) the trustee representing the holders of PRASA’s outstanding bonds, (b) the securities depository, if any, at which any of such bonds shall be deposited, (c) any holders of PRASA’s outstanding debt obligations or any Person that provides credit or liquidity support, including financial guaranty insurance, to any or all of such

obligations, (d) any financial institution to which PRASA is indebted (other than through the securities depository) or is otherwise obligated, (e) the Secretary of Justice of the Commonwealth of Puerto Rico, (f) any Customer, (g) any vendor of PRASA that is not a Customer of PRASA as defined in the Act, (h) any Person who has filed with the secretary of the Board of the Issuer or PRASA a request to receive the notice set forth in Article 7(c)(2) of the Act, (i) any Person who would otherwise be entitled to receive notice with respect to the adjustment of PRASA Rates and (j) any other Person interested in the matters raised in the proceedings provided for in Article 7(c) of the Act.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Grade” means a rating of at least “BBB–” (minus) by Standard and Poor’s, “Baa3” by Moody’s, or “BBB–” (minus) by Fitch.

“Issuance Date” the date of the issuance and delivery of any Series of Bonds, as set forth in the applicable Supplemental Trust Agreement.

“Issuer” means Puerto Rico Aqueduct and Sewer Authority Revitalization Corporation, a special purpose public corporation and a governmental instrumentality of the Commonwealth, created pursuant to Article 4 of the Act.

“Issuer Order” and “Issuer Request” means a written order or request signed in the name of the Issuer by any one of its Authorized Officers, or by the Administrator on its behalf, and delivered to the Trustee.

“Legal Defeasance” has the meaning specified in Section 4.01(b).

“Lien” means a security interest, lien, mortgage, charge, pledge, claim, or encumbrance of any kind.

“Losses” means collectively, any and all liabilities, obligations, losses, damages, payments, costs or expenses of any kind whatsoever.

“Mainland” means headquartered and maintaining its financial operations and accounts relating to the Bonds within any of the 48 contiguous States.

“Minimum Denomination”, with respect to any Series of Bonds, means \$5,000 or integral multiples thereof, or such higher amount set forth in any Supplemental Trust Agreement.

“Monthly Servicer Certificate” has the meaning assigned to that term in Annex 2 of the Servicing Agreement.

“Moody’s” means Moody’s Investors Service Inc. or any successor to its ratings business.

“Officer’s Certificate” means, when used in the Trust Agreement a certificate signed by any Authorized Officer of the Issuer and when used in the Servicing Agreement a certificate of the Servicer signed by a Responsible Officer.

“Ongoing Financing Costs” means:

- (A) principal, interest and redemption premiums payable on the Bonds;
- (B) any payment required under any bond insurance policy, surety bond, reimbursement agreement or any agreement entered into, in connection therewith or other Ancillary Agreement, or any amount required to fund or replenish (or to reimburse a third party for replenishing) any debt service reserve fund or account or any other fund or account established under the Trust Agreement and, to the extent permitted by the Trust Agreement, any Financing Document or under any other financing document related to the Bonds, or any additional reserve fund (including the Overcollateralization Subaccount);
- (C) any taxes and charges, including payments or contributions in lieu of taxes, franchise fees or license fees imposed on Revitalization Charge Revenues;
- (D) any cost related to administering the Issuer, the Bonds or the Financing Property, including the costs of calculating the Revitalization Charges and implementing the Adjustment Mechanism, the fees and expenses of the Initial Servicer and any Successor Servicer, the fees and expenses of the Calculation Agent and any third party appointed under the Calculation Agent Agreement, the fees and expenses of the Depository or other collection agents employed to assure the collection, segregation and remittance of Revitalization Charge Revenues to the Trustee, the fees and expenses of the Trustee and any other fiduciaries, including any Registrar or Paying Agent, appointed to secure or facilitate payment of the Bonds, and all legal, accounting and other advisors’ or consultants’ fees and expenses incurred in connection with the foregoing;
- (E) all rating agency fees and expenses incurred to obtain and/or maintain ratings on the Bonds;
- (F) any cost related to protecting the status of Financing Property and collecting Revitalization Charges, including any cost related to any judicial or similar proceedings that the Issuer or the Trustee or any owner of all or a portion of Financing Property deems necessary to enforce or collect Revitalization Charge Revenues or protect the Financing Property or any other costs referred to in Article 10(a) of the Act, in each case subject to the provisions of the Act;
- (G) any ongoing filing or listing fees for the Bonds;
- (H) the fees and expenses of the Independent Auditor;
- (I) without duplication, any indemnity payments required to be paid by the Issuer to the Trustee, any Servicer, the Calculation Agent, or the Depository, the underwriters, the broker-dealers, the parties to any Ancillary Agreements or other persons pursuant to agreements entered into in connection with the Bonds;

- (J) any indemnity or other payments or costs required to be paid to the Board or its individual directors, or officials, agents and employees of the Corporation as provided in Article 7(p) of the Act;
- (K) any rebate expenses payable to the Federal Government to maintain the tax free status of the Bonds; and
- (L) any other cost related to issuing Bonds, administering and servicing Financing Property and Bonds payable under the Financing Documents, including (without limitation) the payment of any Upfront Financing Costs not paid from the proceeds of the Bonds, in accordance with any Supplemental Trust Agreement.

Provided, however, with respect to a Servicing Agreement, that Ongoing Financing Costs shall not include any amount, if any, that may be required to be paid by the Servicer in settlement of, or as the result of a judgment against the Servicer arising from, any action with respect to the matters set forth in Section 5.02(b)(i), (ii), (iii) or (iv) of the Servicing Agreement, or, in the case of any judgment against the Servicer arising from any such action, any attorneys' fees or other expenses of the Servicer in connection therewith.

“Operating Expenses” means all Ongoing Financing Costs other than (i) principal (including amortization, sinking fund or redemption payments), redemption premium, if any, and interest on the Bonds, (ii) amounts required to fund or replenish the Debt Service Reserve Subaccounts and any Overcollateralization Subaccount, or (iii) any Reimbursement Obligations with respect to any Surety Bonds or pursuant to any other Ancillary Agreement.

“Opinion of Counsel” means, when used in the Trust Agreement, one or more written opinions of counsel who may, except as otherwise expressly provided in the Trust Agreement, be an employee of or counsel to the Issuer and who shall be reasonably satisfactory to the Trustee, and which opinion or opinions shall be addressed to the Trustee, and shall be in form and substance reasonably satisfactory to the Trustee; and, when used in the Servicing Agreement, one or more written opinions of Bond Counsel, which counsel shall be reasonably acceptable to the party receiving such opinion(s) of counsel.

“Optional True-up” has the meaning assigned to that term in Annex 1 of the Servicing Agreement.

“Other Financing Property” means financing property created under a financing resolution other than Financing Resolution No. 1.

“Other Revitalization Bonds” means any bonds, notes, or other evidences of indebtedness (other than the Bonds) that are issued by the Issuer pursuant to the Act, a trust agreement (other than the Trust Agreement) and a Financing Resolution (other than Financing Resolution No. 1), to the extent permitted by Section 3.09(c) of the Trust Agreement.

“Outstanding” means, as of the date of determination, all Bonds theretofore authenticated and delivered under the Trust Agreement except:

Bonds theretofore cancelled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Bonds; and

Bonds in exchange for or in lieu of other Bonds which have been authenticated and delivered pursuant to the Trust Agreement unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser;

provided, however, that in determining whether the Holders of the requisite Outstanding Amount of the Bonds or any Series or Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under the Trust Agreement or under any Financing Document, Bonds owned by the Issuer, PRASA, the Servicer (if different from PRASA), the Commonwealth, or any Affiliate of any of the foregoing Persons, including but not limited to, GDB and FAFAA, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Trustee actually knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer, any other obligor upon the Bonds, or any Affiliate of any of the foregoing Persons.

“Outstanding Amount” means the aggregate principal amount of all Bonds, or if the context requires, all Bonds of a Series or of a Tranche, Outstanding at the date of determination.

“Overcollateralization Subaccount” has the meaning set forth in Section 8.02(a).

“Parity Obligations” means the Bonds and any Parity Reimbursement Obligation.

“Parity Reimbursement Obligation” means a Reimbursement Obligation with respect to [(a) the Surety Bonds or] (b) pursuant to any other Ancillary Agreement in accordance with Section 3.09(d), in either case the payment of which is secured by a pledge of, and a Lien on, the Collateral in accordance with the terms of, and subject to the priority of payments set forth in, the Trust Agreement.

“Parity Payment Obligations” means the payment when due of principal of and interest and premium, if any, on the Bonds, any reimbursement amount payable under a Parity Reimbursement Obligation or any amount payable under any other Parity Obligation.

“Paying Agent” means the Trustee or any other Person that meets the eligibility standards for the Trustee specified in Section 6.11 and is authorized by the Issuer to make payment of principal or Accreted Value of or interest or premium, if any, on the Bonds on behalf of the Issuer.

“Payment Date” has the meaning specified in the applicable Supplemental Trust Agreement.

“Person” means any natural or juridical person, including any local agency, or any individual, firm, partnership, joint venture, trust, joint stock company, association or public or private corporation, municipality, organized or existing under the laws of the Commonwealth, the United States of America or any state, any agency or instrumentality of the United States, or any combination of the above.

“PRASA” means Puerto Rico Aqueduct and Sewer Authority, a public corporation and governmental instrumentality established and existing by virtue of Act No. 40 of the Legislative Assembly of Puerto Rico, approved May 1, 1945, as amended, and any successor or successors thereto, including successors referred to in Article 7(k) of the Act.

“PRASA Bonds” means revenue bonds issued by PRASA pursuant to PRASA Trust Agreement.

“PRASA Bond Trustee” means Banco Popular de Puerto Rico, as trustee with respect to the PRASA Bonds (together with any successors and assigns), under the PRASA Trust Agreement.

“PRASA Trust Agreement” means the Master Agreement of Trust, dated as of March 1, 2008, as amended and restated as of February 15, 2012, as further amended and supplemented, by and between PRASA and Banco Popular de Puerto Rico.

“Predecessor Bond” means, with respect to any particular Bond, every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for the purpose of the definition, any Bond authenticated and delivered under Section 2.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Bond.

“Principal” or “principal” means the Outstanding Amount of Bonds and, as appropriate, the Accreted Value of all Capital Appreciation Bonds.

“Principal Balance” means, as of any Payment Date, the sum of the respective outstanding principal amounts of the Bonds.

“Priority Payment Cap Amount” means all amounts payable pursuant to Section 8.02(e)(i) through (vi) in any calendar year not to exceed \$ _____.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Principal Balance” means, as of any Payment Date for any Tranche of the Bonds, the sum of the respective projected outstanding principal amounts of the Bonds for such Payment Date set forth in the Expected Amortization Schedule.

“Rates” means the rates and charges for water and sewer services in the Service Area. “Rates” do not include Revitalization Charges.

“Rating Agency” means, with respect to any Bond, any nationally recognized statistical rating organization that assigns (or has assigned) its rating or ratings to such Bond at the request of the Issuer at the time of issuance thereof (or subsequently assigns a rating or ratings to such Bond at the request of the Issuer). If any such organization or its successor is no longer in existence, “Rating Agency” shall mean a nationally recognized statistical rating organization designated by the Issuer with the written consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds, notice of which designation and consent shall be given to the Trustee and the Servicer.

“Rating Agency Condition” means, with respect to any action, (i) not less than ten Business Days’ prior written notification by the Issuer regarding such action to each Rating Agency, (ii) written confirmation from each such Rating Agency to the Servicer, the Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then-current rating assigned by such Rating Agency to any Bond and (iii) that prior to the taking of the proposed action no other Rating Agency shall have provided written notice to the Issuer that such action has resulted or would result in the suspension, reduction or withdrawal of the then-current rating assigned to any Bonds; provided, however, that if prior to the relevant action, any of the Bonds are not rated by a Rating Agency, or if any of the Bonds have a rating from a Rating Agency below the rating initially assigned by such Rating Agency, then the Rating Agency Condition shall only be deemed satisfied with respect to such Rating Agency with the written consent of the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds. If, within such ten Business Day period, any Rating Agency (other than Standard & Poor’s) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (y) the Issuer shall be required to obtain confirmation in writing that such Rating Agency has received the Rating Agency Condition notification described in (i) above and, if such Rating Agency has received such notification, the Issuer shall promptly request the related Rating Agency Condition written confirmation described in (ii) above, and (z) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such Issuer request in clause (y) above, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency, but only if waived in writing by the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent). If any ratings on the Bonds are below Investment Grade (or if the Bonds are not rated by any Rating Agency), the Rating Agency Condition requirement shall also include the written consent of the Trustee and the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds to the relevant action in the manner provided in the Trust Agreement.

“Reconciliation Period” means the twelve-month period ending the last day of the Collection Period preceding the calculation of Remittance Shortfalls or Excess Remittances under Section 3.03(f) the Servicing Agreement. The initial Reconciliation Period shall commence on the Closing Date and may be less than twelve months.

“Record Date” means, with respect to a Payment Date or a Distribution Date, the close of business on the Business Day next preceding such Payment Date or Distribution Date; provided however, that if Definitive Bonds are issued, the Record Date shall mean the last Business Day of the calendar month immediately preceding such Payment Date or Distribution Date, as applicable.

“Redemption Price” means, with respect to any Bonds to be redeemed, the principal amount of such Bonds or percentage thereof specified for such redemption in the applicable Supplemental Trust Agreement.

[“Refinanced Insured Bonds” means the callable and non-callable PRASA Bonds insured by [] not to exceed \$_____ that may be refinanced as described in Section 3.09(c)(i) of the Trust Agreement.]

“Refinancing Period” the six (6) months following the expiration of the Clear Market Period.

“Registered Holder” means the Person in whose name a Bond is registered on the Bond Register on the applicable Record Date.

“Reimbursement Obligation” means the obligation of the Issuer to reimburse an Ancillary Agreement Provider for amounts advanced under an Ancillary Agreement held for the credit of a Reserve Subaccount.

“Remittance” means each transfer under the Trust Agreement of Estimated Revitalization Charge Collections or Remittance Shortfalls from the Allocation Account to the Collection Account.

“Remittance Shortfall” means the amount, if any, calculated for a particular Reconciliation Period, by which Actual Revitalization Charge Collections during such Reconciliation Period exceed all Estimated Revitalization Charge Collections remitted to the Collection Account during such Reconciliation Period.

“Replacement Servicer” means [_____].

“Required Debt Service Reserve Level” means, as of any date of calculation, an amount equal to []% of the aggregate principal amount of the Revitalization Bonds then Outstanding.

“Requisite Bondholders” means the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

“Reserve Subaccount” has the meaning set forth in Section 8.02(a) of the Trust Agreement.

“Responsible Officer” means, with respect to the Trustee, any officer assigned to the Corporate Trust Office, including any Vice President, Assistant Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated

officers, in each case having direct responsibility for the administration of the Trust Agreement and with respect to the Servicer, the chief executive officer, the president, any vice president, the treasurer, any assistant treasurer, the secretary, any assistant secretary, the controller or the director of finance or any equivalent position of the Servicer.

“Retirement of the Bonds” means the final payment by the Trustee in respect of the last Outstanding Bond.

“Revitalization Charge Collections” means the payments of the Revitalization Charges made by or on behalf of Customers.

“Revitalization Charge Revenues” means all money received or to be received, directly or indirectly, on account of the Revitalization Charges, and all proceeds of the investment thereof.

“Revitalization Charges” means those rates and charges that are separate from rates and charges of PRASA and that are imposed pursuant to the Financing Resolution on Customers to recover the Financing Costs, and shall include a *pro rata* share of any late payment fee imposed in respect of any past-due bill for water or sewer service.

“Rule 15c2-12” or the “Rule” means Rule 15c2-12 of the SEC under the Securities Exchange Act of 1934, as amended.

“Scheduled Maturity Date” means, with respect to any Tranche of Bonds, the respective Scheduled Maturity Date therefor, which shall include scheduled mandatory sinking fund and all other scheduled mandatory redemption dates, in each case as provided in the applicable Supplemental Trust Agreement.

“Scheduled Sinking Fund Payment” means, with respect to any Term Bonds, the Scheduled Sinking Fund Payment therefor as specified in the Expected Sinking Fund Schedule set forth in the applicable Supplemental Trust Agreement.

“Scheduled Sinking Fund Redemption Date” means, with respect to any Term Bonds, the Scheduled Sinking Fund Redemption Date therefor as specified in the Expected Sinking Fund Schedule set forth in the applicable Supplemental Trust Agreement.

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

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” means [_____], a national banking association existing under the laws of the United States of America, solely in its capacity as a “securities intermediary” as defined in Section 8-102(a)(14) of the UCC, or any successor securities intermediary.

“Semiannual Interest” has the meaning specified in the applicable Supplemental Trust Agreement.

“Semiannual Principal” means, with respect to any Payment Date and any Series and Tranche of Bonds, (i) for any Serial Bonds, the amount required to be paid to the Holders pursuant to the applicable Supplemental Trust Agreement, and (ii) for any Term Bonds, the amount required to be redeemed and paid to the Holders pursuant to the applicable Supplemental Trust Agreement.

“Semiannual Reconciliation Certificate” has the meaning specified in Section 3.03 of the Servicing Agreement.

“Semiannual Servicer Certificate” has the meaning assigned to that term in Annex 2 to the Servicing Agreement.

“Serial Bonds” means Bonds which are not Term Bonds.

“Series” or “Series of Bonds” or “Bonds of a Series” means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to the Trust Agreement.

“Service Area” means the geographical area within which PRASA provided water or sewer services as of _____, 20__.

“Servicer” means PRASA, as Servicer under the Servicing Agreement, any Successor Servicer or any Replacement Servicer under any replacement Servicing Agreement which may contract with others for the performance of some duties under the Servicing Agreement as provided therein.

“Servicer Default” means an event specified in Section 6.01 of the Servicing Agreement.

“Servicing Agreement” means the Initial Servicing Agreement or any replacement servicing agreement with a successor servicer, as the same may be amended from time to time by the parties thereto in accordance therewith and in a manner not prohibited by the Act.

“Servicing Fee” has the meaning set forth in Section 5.07 of the Servicing Agreement.

“17g-5 Website” has the meaning specified in Section 11.15.

“Sinking Fund Payment” means a payment upon redemption of Term Bonds on a Payment Date as specified in the Expected Sinking Fund Schedule applicable thereto, or with respect to any Tranche a payment without redemption prior to maturity that reduces the Outstanding Amount thereof to zero.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor to its ratings business.

“State” means any one of the states of the United States of America or the District of Columbia. The term “State” shall not include the Commonwealth.

“Statutory Lien” means the Lien on the Financing Property created by Article 5(b)(12) and Article 7(j)(2) of the Act and the Financing Resolution.

“Subaccounts” means, collectively, the General Subaccount, the Overcollateralization Subaccount, the Excess Funds Subaccount, the Debt Service Reserve Subaccounts and the Upfront Financing Costs Subaccount of the Collection Account and the sub-subaccounts of each as they may exist from time to time.

“Successor Servicer” has the meaning specified in Section 3.05(d).

“Supplemental Trust Agreement” means any supplement to the Trust Agreement.

[“Surety Bond Agreements” means the Ancillary Agreements between the Surety Providers and the Issuer pursuant to which the Surety Bonds are issued.]

[“Surety Bonds” means []]

[“Surety Providers” means any Ancillary Agreement counterparty providing one or more Surety Bonds that in the aggregate have a face amount exceeding \$_____ to support a Reserve Subaccount, in each case so long as such Surety Bond(s) remain in effect and so long as a monetary default by such counterpart), under the related Surety Bond shall not have occurred and be continuing.]

“System Assets” means the Commonwealth Water System and/or the Commonwealth Wastewater System, as defined in Act No. 40 of May 1, 1945, as amended, in existence as of the date of approval of the Act and as subsequently acquired and used by the Authority or any successor entity to provide water and/or wastewater services to its customers.

“Tax-exempt Bonds” means Bonds the interest on which is excludable from gross income for federal income taxation purposes under applicable provisions of the Code.

“Term Bonds” means Bonds the retirement of which shall be provided for from scheduled periodic redemptions prior to maturity.

“Termination Notice” has the meaning assigned to that term in Section 6.01 of the Servicing Agreement.

“Tranche” or “Tranche of Bonds” or “Bonds of a Tranche” or of a particular Series means all Bonds designated as being of the same Series and tranche issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to the Trust Agreement.

“True-Up Adjustment” means each adjustment to the Revitalization Charges made in accordance with Annex 1 of the Servicing Agreement.

“True-Up Adjustment Date” means the date specified in a True-Up Letter on which the adjusted Revitalization Charge described in such True-Up Letter shall take effect.

“True-Up Letter” means the filing to be made with the Issuer by the Servicer to set or adjust the Revitalization Charges, including the Designee Certificate. The form of the True-Up Letter is attached as Exhibit F to the Servicing Agreement.

“Trust Agreement” means the Trust Agreement, between the Issuer and the Trustee, as originally executed and, as from time to time supplemented or amended by one or more trust agreements supplemental thereto entered into pursuant to the applicable provisions thereof, as so supplemented or amended, or both, and shall include the forms and terms of the Bonds established thereunder.

“Trustee” means [TRUSTEE], as Trustee under the Trust Agreement, or any successor Trustee under the Trust Agreement, provided that any Trustee shall be a Mainland financial institution that at the time of appointment is acceptable to the Holders of the Eligible Bonds representing not less than a majority of the Outstanding Amount of the Eligible Bonds.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force on the date of the Trust Agreement, unless otherwise specifically provided.

“UCC” means, unless the context otherwise requires, the Uniform Commercial Code, as in effect in the State of New York, as amended from time to time.

“Underwriters” means the underwriters who purchase the Bonds from the Issuer and sell the Bonds pursuant to the Bond Purchase Agreement.

“Upfront Financing Costs Subaccount” has the meaning set forth in Section 8.02(a).

“Upfront Financing Costs” has the meaning specified in the Act and the Financing Resolution.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged.

“Written Notice”, “written notice” or “notice in writing” means notice in writing which may be delivered by hand or first-class mail or other recognized method of delivery and also means electronic transmission.