

APPENDIX F-1 TO MASTER LEASE AGREEMENT

Master Agreement Number _____
Schedule Number _____

COUNTERPART NO. _____ OF _____. TO THE EXTENT THAT THIS SCHEDULE CONSTITUTES CHATTEL PAPER (AS DEFINED ON THE UCC), NO SECURITY INTEREST IN THIS SCHEDULE MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

MASTER LEASE AGREEMENT
LEASE PURCHASE SCHEDULE

Hewlett-Packard Financial Services Company¹ ("Lessor") and _____, an agency, department or political subdivision of the State of _____ ("Lessee") are parties to the Master Lease Agreement identified by the Master Agreement Number specified above (the "Master Agreement"). This Schedule (which shall be identified by the Schedule Number specified above) and the Master Agreement together comprise a separate Lease between the parties. The terms and conditions of the Master Agreement are hereby incorporated by reference into this Schedule. All capitalized terms used in this Schedule without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE.

A. Description of Items of Leased Equipment Total Cost

B. Term: ____ Months.

2. RENT. See Attachment A. ANNUAL RATE OF INTEREST _____

3. LATEST COMMENCEMENT DATE: _____. Lessor's obligation to purchase and lease the Equipment is subject to the Acceptance Date being on or before the Latest Commencement Date.

4. EQUIPMENT LOCATION:

5. SELLER:

6. APPROPRIATIONS: Monies for all Rent and other payments due under the Lease for the Fiscal Period ending _____ are available from Lessee's appropriated funds for such Fiscal Period and that appropriations and/or other funds have been encumbered or designated for the payment of all Rent and other payments that shall become due under the Lease in such Fiscal Period.

7. NON-ASSIGNABILITY BY LESSOR: Notwithstanding any other terms or conditions set forth in the Master Agreement to the contrary, Lessor hereby agrees that it shall not and will not sell, discount, factor, hypothecate or otherwise dispose of its interest in the Equipment or this Schedule or any Lease except in connection with a merger, sale of assets, portfolio sale involving a substantial portfolio, or restructure of Lessor.

8. ADDITIONAL PROVISIONS:

A. This Schedule is intended to be a tax-exempt transaction, consequently the following additions and amendments to the Master Agreement shall apply solely to this Lease:

- (1) Delete the following language from Section 8 of the MLA: "Each Schedule is intended to be a "finance lease" as defined in Article 2A of the Uniform Commercial Code."
- (2) Section 13 of the MLA is amended in its entirety to read as follows:

"13. Transfer of Equipment on Expiration of Lease Term; Location and Surrender of Equipment, Midterm Purchase Option.

(a) If Lessee has paid all Rent and all other amounts due under the Lease and has satisfied all other terms and conditions of the Lease, the Lease shall terminate and, except as provided in Section 28, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to the Equipment and Lessor shall transfer all of its interest in such Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor.

(b)The Equipment shall be delivered to and thereafter kept at the location specified in the Schedule and shall not be removed therefrom without Lessor's prior written consent and in accordance with Section 11 of this MLA. At any time Lessee is required to return Equipment to Lessor under the terms of this Lease, Lessee at its cost and expense, shall immediately wipe clean or

permanently delete all data contained on the Equipment, including without limitation, any data contained on internal or external drives, discs, or accompanying media, disconnect, properly package for transportation and return all (not part) of the Equipment (including, without limitation, all service records and user manuals), freight prepaid, to Lessor in good repair, working order, with unblemished physical appearance and with no defects which affect the operation or performance of the Equipment ("Return Condition"), reasonable wear and tear excepted. Lessee shall, at Lessor's request, affix to the Equipment, tags, decals or plates furnished by Lessor indicating Lessor's ownership and Lessee shall not permit their removal or concealment. Lessee shall return the Equipment to Lessor at a location specified by Lessor, provided, however, such location shall be within the United States to Andover, Massachusetts unless otherwise agreed to on the applicable Schedule. If the Equipment is not in Return Condition, Lessee shall remain liable for all reasonable costs required to restore the Equipment to Return Condition. Lessee shall arrange and pay for the de-installation and packing of the Equipment and the de-installation shall be performed by manufacturer-certified technicians, approved by Lessor and the Lessor shall have the right to supervise and direct the preparation of the Equipment for return. IF, UPON TERMINATION OF THE SCHEDULE PRIOR TO ITS MATURITY FOR ANY REASON, LESSEE FAILS OR REFUSES FORTHWITH TO RETURN AND DELIVER THE EQUIPMENT TO LESSOR, LESSEE SHALL REMAIN LIABLE FOR ANY RENT PAYMENTS ACCRUED AND UNPAID WITH RESPECT TO ALL OF THE EQUIPMENT ON THE SCHEDULE AND SHALL PAY RENT UP TO THE DATE THAT THE EQUIPMENT IS RETURNED TO THE ADDRESS SPECIFIED BY LESSOR. Notwithstanding the foregoing, Lessor shall have the right, without notice or demand, to enter Lessee's premises or any other premises where the Equipment may be found and to take possession of and to remove the Equipment, at Lessee's sole cost and expense, without legal process. Lessee understands that it may have a right under law to notice and a hearing prior to repossession of the Equipment. As an inducement to Lessor to enter into a transaction, but only to the extent that Lessee, if a state agency, has statutory authority to do so, Lessee hereby expressly waives all rights conferred by existing law to notice and a hearing prior to such repossession by Lessor or any officer authorized by law to effect repossession and hereby releases Lessor from all liability in connection with such repossession. Without waiving the doctrines of sovereign immunity and immunity from suit and to the extent authorized by the constitution and laws of the State of Texas, Lessee's obligation to return Equipment may, at Lessor's option, be specifically enforced by Lessor.

(c) Lessee may elect, by delivering to Lessor at least 30 days' prior written notice, to purchase on any Rent Payment date not less than all Equipment then subject to this Lease (other than items of Software that may not be sold by Lessor under the terms of any applicable License Agreement) for an amount equal to the sum of the Rent Payments and other amounts then due, all other amounts due under the Lease and the Concluding Payment shown in the attachment hereto for such Equipment as of the designated Rent Payment date; provided no Lessee Default shall have occurred and be continuing. In the event of such an election, Lessee shall pay such amount to Lessor, in immediately available funds, on or before the designated Rent payment date. If Lessee shall have elected to purchase the Equipment, shall have so paid the purchase price and shall have fulfilled the terms and conditions of the Master Agreement and this Schedule, then (1) this with respect to such Equipment shall terminate on the designated Rent Payment date and, except as provided in the Master Agreement and this Lease, Lessee shall be relieved of all of its obligations in favor of Lessor with respect to such Equipment, and (2) Lessor shall transfer all of its interest in such Equipment to Lessee "AS IS, WHERE IS," without any warranty, express or implied, from Lessor, other than the absence of any liens or claims by or through Lessor."

(3) Section 20 LESSEE WARRANTIES is hereby amended to rename the existing language as subsection A. General Warranties, and to add a new subsection B. Tax Representations and Covenants and Tax Payments, to read as follows:

"B. Tax Representations and Covenants and Tax Payments.

- (i) Lessee represents, covenants and warrants that: (i) Lessee is a political subdivision or agency or department of the State in which it is located; (ii) a portion of the Rent Payment is interest based on the total Equipment cost as shown on this Schedule and such interest portion of the Rent Payment shall be excluded from Lessor's gross income pursuant to Section 103 of the Code; (iii) Lessee will comply with the information reporting requirements of Section 149(e) of the Code, and such compliance shall include but not be limited to the execution of information statements requested by Lessor; (iv) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the Lease to be an arbitrage bond within the meaning of Section 148(a) of the Code; (v) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, this Lease to be a private activity bond within the meaning of Section 141(a) of the Code; (vi) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the Rent payments to be or become includable in gross income for federal income taxation purposes under the Code; (vii) Lessee will be the only entity to own, use and operate the Equipment during the Lease Term; (viii) Lessee has never failed to appropriate funds for payment of any amount due pursuant to a lease purchase agreement, a conditional sales agreement or any similar type of obligation; and (ix) Lessee is not and has never been in default under any bond, note, lease purchase agreement or other type of financial obligation to which it has been a party.
- (ii) This Master Agreement has been entered into on the basis that Lessor or any Assignee of Lessor shall claim that the interest paid hereunder is exempt from federal income tax under Section 103(a) of the Code. Upon a breach by Lessee of any of its representations, warranties and covenants in Section 20(B)(i) above and as a result thereof, the United States Government disallows, eliminates, reduces, recaptures, or disqualifies, in whole or in part, any benefits of such exemption, Lessee shall then pay to Lessor, at Lessor's election, either: (a) supplemental payment(s) to Lessor during the remaining period of the Term(s) in an amount necessary to permit Lessor to receive (on an after tax basis over the full term of the Master Agreement) the same rate of return that Lessor would have realized had there not been a loss or disallowance of such benefits, together with the amount of any interest or penalty which may be assessed by the governmental authority with respect to such loss or disallowance; or (b) a lump sum payable upon demand to Lessor which shall be equal to the amount necessary to permit Lessor to receive (on an after tax basis over the full term of the Master Agreement) the same rate of return that Lessor would have realized had there not been a loss or disallowance of such benefits together with the amount of any interest or penalty which may be assessed by the governmental authority with respect to such loss or disallowance."

(4) Delete the following language in Section 25: "This MLA and those Schedules in conjunction hereof are a "Finance Lease" as defined in Article 2A of the Uniform Commercial Code ("UCC")."

(5) Amend Section 27, Delivery of Related Documents, to add new subsection (f), before the "and" in that Section to read as follows and to renumber existing subsection (f) as subsection (g):

"(f) a completed and executed original Form 8038-G or 8038-GC, as applicable, or evidence of filing thereof with the Internal Revenue Service in the manner required by Code Section 149(e);"

B. The following additional modification are made to the Master Agreements solely for purposes of this Schedule:

(1) Amend Section 3 to restate the first sentence thereof in its entirety as follows:

"The term for each Schedule, executed in conjunction to this MLA, shall commence on the date of execution of an Acceptance Certificate by the Lessee ("Commencement Date"), and unless earlier terminated as provided for in the MLA, shall continue for the number of whole months or other payment periods as set forth in the applicable Schedule Term, commencing on the first day of the month following the Commencement Date (or commencing on the Commencement Date if such date is the first day of the month)."

(2) Restate the first two sentences of Section 9 in their entirety to read as follows:

"Lessee agrees to inspect all Equipment as soon as reasonably practicable after the delivery thereof to Lessee. Upon the satisfactory inspection of the Equipment by Lessee, or if acceptance requirements for such Equipment are specified in the applicable Purchase Documents, as soon as such requirements are met, Lessee shall unconditionally and irrevocably accept the Equipment by executing and delivering to Lessor a properly completed Acceptance Certificate in substantially the form of Exhibit B.

9. **FISCAL PERIOD:** _____

LESSOR AGREES TO LEASE TO LESSEE AND LESSEE AGREES TO LEASE FROM LESSOR THE EQUIPMENT DESCRIBED IN SECTION 1.A ABOVE. SUCH LEASE WILL BE GOVERNED BY THE MASTER AGREEMENT AND THIS SCHEDULE, INCLUDING THE IMPORTANT ADDITIONAL TERMS AND CONDITIONS SET FORTH ABOVE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS SCHEDULE AND THE MASTER AGREEMENT, THE TERMS OF THIS SCHEDULE SHALL GOVERN. LESSEE HEREBY REPRESENTS AND WARRANTS THAT ON AND AS OF THE DATE HEREOF EACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY LESSEE IN THE MASTER AGREEMENT ARE TRUE, CORRECT AND COMPLETE.

LESSEE:

COMPANY²

LESSOR:
HEWLETT-PACKARD FINANCIAL SERVICES

By: _____

By:

Name and Title

Name and Title

Date

² Authorized to do business in the name of Hewlett-Packard Financial Services Company, Inc. in the states of Alabama and New York.

Master Agreement Number _____
Schedule Number _____

ATTACHMENT A

TO

SCHEDULE TO STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT

The first payment of Rent will be due [__ days after] [on] the Acceptance Date and all payments will be due [monthly][quarterly][semi-annually][annually] thereafter.

Rent Payment No.	Rent	Interest	Principal	Principal Balance	Prepayment Premium	Concluding Payments
1						
2						
3						
4						
Totals						

Please note that the Prepayment Premium is 2 % of the Principal Balance, only payable in the case of early repayment of the lease.

Lessee Please Initial and date: _____



hp financial services

Exhibit B

Master Agreement Number _____
Schedule Number _____

**STATE AND LOCAL GOVERNMENT MASTER LEASE PURCHASE AGREEMENT
ACCEPTANCE CERTIFICATE**

Hewlett-Packard Financial Services Company (“Lessor”) and _____, an agency, department or political subdivision of the State of _____ (“Lessee”) are parties to the Master Lease Agreement (the “Master Agreement”) and Schedule under such Master Agreement (the “Schedule”) identified by the Master Agreement Number and Schedule Number, respectively, specified above. The Master Agreement and Schedule together comprise a separate Lease that is being accepted and commenced pursuant to this Acceptance Certificate. All capitalized terms used in this Acceptance Certificate without definition have the meanings ascribed to them in the Master Agreement.

1. LEASE ACCEPTANCE. Lessee hereby acknowledges that the Equipment described in Section 1 of the Schedule, or if different, the Equipment described in the attached invoice or other attachment hereto, has been delivered to the Equipment Location specified below, inspected by Lessee and found to be in good operating order and condition, and has been unconditionally and irrevocably accepted by Lessee under the Lease evidenced by the Master Agreement and the Schedule as of the Acceptance Date set forth below. Lessee authorizes Lessor to reduce the Rent payments on the Schedule to reflect the Final Invoice Amount set forth on the attached invoice(s) if such amount is different than the Total Cost on the Schedule.

2. LESSEE ACKNOWLEDGEMENTS. Lessee hereby agrees to faithfully perform all of its obligations under the Master Agreement and the Schedule and reaffirms, as of the date hereof, its representations and warranties as set forth in the Master Agreement. Lessee hereby acknowledges its agreement to pay Lessor Rent Payments, as set forth in the Schedule, plus any applicable taxes, together with all other costs, expenses and charges whatsoever which Lessee is required to pay pursuant to the Master Agreement and the Schedule, in each instance at the times, in the manner and under the terms and conditions set forth in the Master Agreement and the Schedule, respectively.

3. EQUIPMENT LOCATION. The Equipment has been installed and is located at the following Equipment Location:

4. REPRESENTATIONS AND WARRANTIES. Lessee hereby represents and warrants that on and as of the date hereof each of the representations and warranties made by Lessee in the Master Agreement are true, correct and complete.

[LESSEE]

By:

Name and Title

Acceptance Date: