

J.P.Morgan

April 20, 2009

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: ISDA Master Agreement and Related Forbearance Agreement
Between Jefferson County and JPMorgan Chase Bank

Ladies and Gentlemen:

Reference is made to (a) the ISDA Master Agreement dated as of January 1, 2001 (the "ISDA Master Agreement"), between Jefferson County, Alabama (the "County") and JPMorgan Chase Bank (the "Bank"), as further amended and supplemented through the date hereof, including by the Schedule thereto dated as of January 1, 2001 (the "Schedule"), and Confirmations dated January 10, 2001, January 10, 2001, September 18, 2001, October 23, 2002, March 28, 2003, and July 14, 2003, respectively, bearing reference numbers 470385, 470392, 700404, 8958034, 700157 and 7001880, respectively (said Confirmations, together with the ISDA Master Agreement and the Schedule, the "Swap Agreement") relating to certain of the County's sewer revenue warrants; (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, between the County and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Forbearance Agreement"); (c) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008, July 31, 2008, November 14, 2008, December 5, 2008 and February 19, 2009 regarding the Swap Agreement and the Forbearance Agreement (the documents described in clause (c) are collectively referred to as the "Forbearance Letter"); (d) the letter from the Bank to the County dated March 2, 2009 designating an Early Termination Date in connection with the Swap Agreement (the "Early Termination Notice"); and (e) the letter from the Bank to the County dated March 6, 2009 specifying the amounts payable for the Transactions due the Bank under the Swap Agreement (the "Termination Payment Amount Notice"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Swap Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement and the Forbearance Letter, the County has acknowledged that Termination Events, Additional Termination Events

and Events of Default have occurred and are continuing under the Swap Agreement. Despite the expiration on May 15, 2008 of the Forbearance Period under the Forbearance Agreement, pursuant to the Forbearance Letter, the Bank stated its intention not to exercise any of its rights and remedies in respect of the above-referenced Termination Events, Additional Termination Events and Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on April 20, 2009; provided that the Bank expressly reserved the right to terminate the Swap Agreement at any time in accordance with its terms. As you know, as a result of the acknowledged Termination Events, Additional Termination Events and Events of Default, the Bank terminated the Transactions pursuant to the Early Termination Notice and designated March 3, 2009 as the Early Termination Date. In accordance with Section 6(e) of the Swap Agreement, the Bank calculated pursuant to the Termination Payment Amount Notice the amount owed by the County to the Bank for the Transactions as of such Early Termination Date.

In recognition of the continued direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, and notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement, the expiration of the Forbearance Period, the Forbearance Letters, the Early Termination Notice or the Termination Payment Amount Notice, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Termination Payment Amount together with interest thereon from the Early Termination Date at the applicable rate shall be due and payable in full by the County on the earlier of (i) May 29, 2009, or, if the Bank provides written notice to the County on or before May 29, 2009, such later date as the Bank in its sole discretion (and without execution of any writing by the County or any other Party) selects for such amounts to be due and payable or (ii) immediately upon written notice from the Bank to the County demanding payment of such amounts.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date that payments and transfers shall become due and payable), waiver or release of any rights, remedies, claims, causes of action, or defenses by either of the Parties in relation to the Swap Agreement, the Forbearance Agreement, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended as or shall constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events, Events of Default or the Early Termination Date or the Termination Payment Amount, or relieve or release the County from its obligations under the Swap Agreement, the Forbearance Agreement, or any and all documents related thereto, or from the consequences of the existing Termination Events, Additional Termination Events, Events

of Default or the Early Termination Date, or any other Termination Event, Additional Termination Event or Event of Default. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please confirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Sincerely,

JPMORGAN CHASE BANK

By: William A. Austin
Title: EXECUTIVE DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please confirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Sincerely,

JPMORGAN CHASE BANK

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Betty Ann Collins
Title: **PRESIDENT**

BEAR STEARNS CAPITAL MARKETS INC.

April 20, 2009

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: ISDA Master Agreement and Related Forbearance Agreement
Between Jefferson County and Bear Stearns Capital Markets Inc.

Ladies and Gentlemen:

Reference is made to (a) the ISDA Master Agreement dated as of May 1, 2004 (the "ISDA Master Agreement"), between Jefferson County, Alabama (the "County") and Bear Stearns Capital Markets Inc. (the "Bank"), as further amended and supplemented through the date hereof, including by the Schedule thereto dated as of May 1, 2004 (the "Schedule"), and Confirmations dated June 10, 2004 bearing reference numbers CXNE135464, CXNE135465 and CXNE135466, respectively (said Confirmations, together with the ISDA Master Agreement and the Schedule, the "Swap Agreement") relating to certain of the County's sewer revenue warrants; (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, between the County and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Forbearance Agreement"); (c) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008, July 31, 2008, November 14, 2008, December 5, 2008 and February 19, 2009 regarding the Swap Agreement and the Forbearance Agreement (the documents described in clause (c) are collectively referred to as the "Forbearance Letter"); (d) the letter from the Bank to the County dated March 2, 2009 designating an Early Termination Date in connection with the Swap Agreement (the "Early Termination Notice"); and (e) the letter from the Bank to the County dated March 6, 2009 specifying the amounts payable for the Transactions due the Bank under the Swap Agreement (the "Termination Payment Amount Notice"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Swap Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement and the Forbearance Letter, the County has acknowledged that Termination Events, Additional Termination Events and Events of Default have occurred and are continuing under the Swap Agreement. Despite the expiration on May 15, 2008 of the Forbearance Period under the Forbearance

Agreement, pursuant to the Forbearance Letter, the Bank stated its intention not to exercise any of its rights and remedies in respect of the above-referenced Termination Events, Additional Termination Events and Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on April 20, 2009; provided that the Bank expressly reserved the right to terminate the Swap Agreement at any time in accordance with its terms. As you know, as a result of the acknowledged Termination Events, Additional Termination Events and Events of Default, the Bank terminated the Transactions pursuant to the Early Termination Notice and designated March 3, 2009 as the Early Termination Date. In accordance with Section 6(e) of the Swap Agreement, the Bank calculated pursuant to the Termination Payment Amount Notice the amount owed by the County to the Bank for the Transactions as of such Early Termination Date.

In recognition of the continued direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, and notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement, the expiration of the Forbearance Period, the Forbearance Letters, the Early Termination Notice or the Termination Payment Amount Notice, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Termination Payment Amount together with interest thereon from the Early Termination Date at the applicable rate shall be due and payable in full by the County on the earlier of (i) May 29, 2009, or, if the Bank provides written notice to the County on or before May 29, 2009, such later date as the Bank in its sole discretion (and without execution of any writing by the County or any other Party) selects for such amounts to be due and payable or (ii) immediately upon written notice from the Bank to the County demanding payment of such amounts.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date that payments and transfers shall become due and payable), waiver or release of any rights, remedies, claims, causes of action, or defenses by either of the Parties in relation to the Swap Agreement, the Forbearance Agreement, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended as or shall constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events, Events of Default or the Early Termination Date or the Termination Payment Amount, or relieve or release the County from its obligations under the Swap Agreement, the Forbearance Agreement, or any and all documents related thereto, or from the consequences of the existing Termination Events, Additional Termination Events, Events of Default or the Early Termination Date, or any other Termination Event, Additional Termination Event or Event of Default. No failure to exercise or delay in exercising any

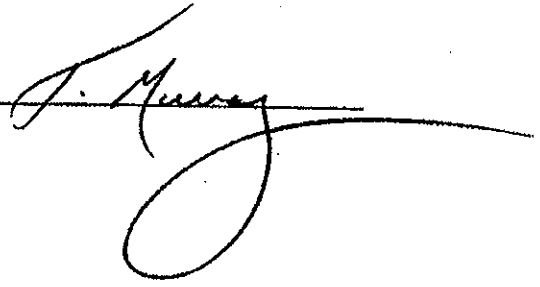
right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please confirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Sincerely,

BEAR STEARNS CAPITAL MARKETS
INC.

By: _____
Title: _____



CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title: _____

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please confirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Sincerely,

BEAR STEARNS CAPITAL MARKETS
INC.

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Bettye Aric Collins
Title: **PRESIDENT**

April 20, 2009

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: ISDA Master Agreement and Related Forbearance Agreement Between Jefferson County and Bank of America, N.A.

Ladies and Gentlemen:

Reference is made to (a) the ISDA Master Agreement dated as of October 18, 2002 (the "ISDA Master Agreement"), between Jefferson County, Alabama (the "County") and Bank of America, N.A. (the "Bank"), as amended and supplemented through the date hereof, including by the Schedule to the ISDA Master Agreement dated as of October 18, 2002 (the "Schedule"), the Credit Support Annex dated as of October 18, 2002 (the "Support Annex"), the Amendment to the ISDA Master Agreement dated as of July 14, 2003 (the "First Amendment"), the Second Amendment to the ISDA Master Agreement dated as of October 1, 2006 (the "Second Amendment") and Confirmations dated November 1, 2002, July 15, 2003 and June 10, 2004, respectively, bearing reference numbers 464992, 3102346 and 3102345 and 3603194, respectively (said Confirmations, together with the ISDA Master Agreement, the Schedule, the Support Annex, the First Amendment and the Second Amendment, the "Swap Agreement") relating to certain of the County's sewer revenue warrants; (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, between the County and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Forbearance Agreement"); (c) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008, July 31, 2008, August 29, 2008, September 30, 2008, October 7, 2008, October 30, 2008, December 5, 2008 and February 20, 2009 regarding the Swap Agreement and the Forbearance Agreement, as acknowledged and agreed to by the County (the documents described in this clause (c) are collectively referred to as the "Forbearance Letters"); (d) the letter designating an Early Termination Date in connection with the Swap Agreement given by the Bank to the County dated July 14, 2008 (as amended and restated by the letter from the Bank to the County dated July 15, 2008, the "Early Termination Notice"); and (e) the letter specifying the amounts payable for the Transactions due the Bank under the Swap Agreement given by the Bank to the County on July 17, 2008 (the "Hedge Payment Amount Notice"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Swap Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement and the Forbearance Letters, the County acknowledged that Termination Events, Additional Termination Events and Events of Default have occurred and are continuing under the Swap Agreement. Pursuant to the Swap Agreement and as a result of the acknowledged Termination Events, Additional Termination Events and Events of Default, the Bank in the Early Termination Notice terminated the Transactions and designated July 15, 2008 as the Early Termination Date. In accordance with Section 6(e)(i)(3) of the ISDA Master and Part 1(f) of the Schedule, the Bank calculated \$31,188,960 (the "Hedge Payment Amount") as the sum of the amount owed by the County to the Bank for the Transactions as of such Early Termination Date.

By consenting and agreeing to this letter the County consents and reaffirms for all purposes that (a) July 15, 2008 is the Early Termination Date for the Transactions, (b) the Hedge Payment Amount and the terms and calculations specified in the Hedge Payment Amount Notice are true and correct and accepted by the County including that (x) the Hedge Payment Amount was due and payable by the County to the Bank on July 17, 2008 and (y) pursuant to Section 6(d)(ii) of the ISDA Master, interest on the Hedge Payment Amount has been accruing daily at the Default Rate since the Early Termination Date.

In recognition of the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank has decided and agrees that, without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, notwithstanding anything to the contrary contained in the Forbearance Agreement, the Swap Agreement, the expiration of the Forbearance Period, the Forbearance Letters, the Early Termination Notice or the Hedge Payment Amount Notice, effective upon the execution in counterparts of this letter by the County, the Hedge Payment Amount together with interest thereon from the Early Termination Date at the Default Rate shall be due and payable in full by the County on the earlier of (i) May 29, 2009, or such latter date as the Bank in its sole discretion (and without execution of any writing by the County or any other Party) selects for such amounts to be due and payable or (ii) immediately upon written notice from the Bank to the County demanding payment of Hedge Payment Amount together with such interest.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date that payments and transfers shall become due and payable), waiver or release of any rights, remedies, claims, causes of action, or defenses by either of the Parties in relation to the Swap Agreement, the Forbearance Agreement, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Except for the consents and agreements contained in the third paragraph hereof, nothing contained in this letter is intended as or shall constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Termination Events, Additional Termination Events, Events of Default or the Early

Termination Date or the Hedge Payment Amount, or relieve or release the County from its obligations under the Swap Agreement, the Forbearance Agreement, or any and all documents related thereto, or from the consequences of the existing Termination Events, Additional Termination Events or Events of Default or the Early Termination Date, including without limitation the Hedge Payment Amount, or any other Termination Event, Additional Termination Event or Event of Default. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies. Please be advised that no verbal communication from or on behalf of the Bank or its affiliates by any party shall constitute any agreement, commitment, or evidence of any assurance or intention of the Bank or its affiliates with respect to the subject matter hereof. Any agreement, commitment, assurance, or intention of the Bank or its affiliates shall be effective only if in writing and duly executed on behalf of the Bank or such affiliate (it being understood that no e-mail or other form of electronic communication from or on behalf of the Bank or its affiliates shall constitute or be construed as a "writing" or a "signature" in respect of any such alleged "writing" for purposes of enforcing any agreement, commitment, assurance or intention of the Bank or its affiliates).

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience. Please reaffirm your consent and agreement to the forgoing by signing and returning to the Bank a copy of this letter.

Jefferson County, Alabama
Page 4

Sincerely,

BANK OF AMERICA, N.A.

By:

Title:



SUP

Jefferson County, Alabama
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CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Betty Jane Collins
Title: **PRESIDENT**