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CALIFORNIA HOUSING FINANCE AGENCY

and

U.S. BANK NATIONAL ASSOCIATION  
as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of January 1, 2012

supplementing and amending the

Series Indenture, dated as of December 1, 2009, relating to  
\$1,016,440,000 Residential Mortgage Revenue Bonds,  
2009 Series A

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Exhibit A – Amended and Restated Appendix A - Additional Terms of the 2009 Series A Bonds

Exhibit B – Appendix B - Additional Terms of the Article XIII Bonds

THIS SUPPLEMENTAL INDENTURE, dated as of January 1, 2012, by and between the California Housing Finance Agency, a public instrumentality and a political subdivision of the State of California (the "Agency"), and U.S. Bank National Association, as Trustee (the "Trustee"), said Trustee being qualified to accept and administer the trusts hereby created;

W I T N E S S E T H:

WHEREAS, the Agency has been created by Parts 1 through 4 of Division 31 of the California Health and Safety Code, as amended (the "Act"), primarily for the purpose of assisting in meeting the housing needs of persons and families of low or moderate income and, incidental thereto, for the purpose of improving the quality of housing and of the housing market in the State of California;

WHEREAS, the Agency has determined to borrow money for its corporate purposes and to that end has duly authorized the issuance of its bonds under, and has duly executed and delivered, an Indenture dated as of December 1, 2009 (the "General Indenture"), between the Agency and the Trustee;

WHEREAS, pursuant to and in accordance with the provisions of the General Indenture, as supplemented by that certain Series Indenture, dated as of December 1, 2009, as amended (the "2009 Series A Series Indenture"; together with the General Indenture, the "Indenture"), the Agency has heretofore issued its California Housing Finance Agency Residential Mortgage Revenue Bonds, 2009 Series A (the "2009 Series A Bonds");

WHEREAS, the 2009 Series A Bonds were issued as part of the New Issue Bond Program (the "NIBP") of the United States Department of the Treasury;

WHEREAS, pursuant to Section 1002 of the General Indenture, the Agency may, from time to time, with consent of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding, enter into such indentures supplemental to the Indenture (which supplemental indentures shall thereafter form a part thereof) provided the conditions set forth in Section 1002 have been met;

WHEREAS, the Agency has now found it necessary and desirable to enter into this Supplemental Indenture in accordance with Section 1002, upon the receipt of consent of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding, in order to provide for certain amendments to the 2009 Series A Series Indenture required by recent changes to the NIBP, and the Agency hereby finds and determines that the amendments contained herein, upon the receipt of such consent, will meet the conditions set forth in Section 1002; and

WHEREAS, all acts and proceedings required by law, including by the Act, and by the Indenture, including all action requisite on the part of the Agency, its Board of Directors, its members and its officers, necessary to constitute this Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND PREMISES HEREIN CONTAINED, THIS SUPPLEMENTAL INDENTURE WITNESSETH, that the Agency and the Trustee and agree as follows:

## ARTICLE I

### DEFINITIONS AND MISCELLANEOUS

Section 1.01. Definitions. Unless amended by this Supplemental Indenture or the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture, have the meanings specified in the Indenture.

Section 1.02. Captions and Index. Any captions, titles or headings preceding the text of any Article or Section herein and any table of contents or index attached to this Supplemental Indenture or any copy hereof are solely for convenience of reference and shall not constitute part of this Supplemental Indenture or affect its meaning, construction or effect.

Section 1.03. Execution of Several Counterparts. This Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and any and all such counterparts shall together constitute but one and the same instrument.

## ARTICLE II

### AMENDMENTS

Section 2.01. Amendment to Section 1.01 of the 2009 Series A Series Indenture. The definition of Continuing Disclosure Agreement contained in Section 1.01 of the 2009 Series A Series Indenture is hereby amended to read in its entirety as follows:

““Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated as of December 1, 2009, between the Agency and the Trustee, relating to the 2009 Series A Bonds (other than Article XIII Bonds or Article XIV Bonds), as it may be amended from time to time in accordance with the terms thereof and (ii) with respect to Article XIV Bonds, any continuing disclosure agreement or similar arrangement entered into with respect thereto.”

Section 2.02. Amendments to Article III of the 2009 Series A Series Indenture.

(A) Section 3.01(B) of the 2009 Series A Series Indenture is hereby amended and restated to read in its entirety as follows:

“(B) Rebate Accounts. In the Market Bonds Series Indenture authorizing the issuance of Market Bonds issued on a Release Date, the Agency shall provide for the creation and establishment of an Account in the Rebate Fund applicable to such Market Bonds and Related Program Bonds, which shall be held by the Trustee, and shall make deposits, withdrawals and payments with respect to such Account pursuant to such Market Bonds Series Indenture and the

Agency's Tax Certificate with respect to such Market Bonds and Related Program Bonds, to be dated such Release Date, including any appendices, schedules, exhibits, or memoranda thereto. If no Market Bonds are to be issued on a Release Date, the Agency shall provide in an Authorized Officer's Determination for the creation and establishment of an Account in the Rebate Fund applicable to the Program Bonds subject to such Release Date, which shall be held by the Trustee, and shall make deposits, withdrawals and payments with respect to such Account pursuant to such Authorized Officer's Determination and the Agency's Tax Certificate with respect to such Program Bonds, to be dated such Release Date, including any appendices, schedules, exhibits, or memoranda thereto. Such Accounts shall not be Pledged Property and shall not secure the payment of principal, Redemption Price or purchase price of or any interest on any of the Bonds. Amounts on deposit in such Accounts shall not be included in any calculation made in connection with any Cash Flow Statement pursuant to Section 607 of the General Indenture."

(B) Sections 3.01(E), (F), (G), (H) and (I) are hereby amended to read in their entirety as follows:

“(E) Debt Reserve Requirement; Deposits to Debt Reserve Fund. The Debt Reserve Requirement (i) for 2009 Series A Bonds with respect to which a Release Date has not occurred, shall be \$0, and (ii) for 2009 Series A Bonds with respect to which a Release Date has occurred, shall be as set forth in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination. Upon the Release Date with respect to any 2009 Series A Bonds, the amount, if any, to be deposited in the Debt Reserve Fund from the proceeds of such 2009 Series A Bonds shall be as set forth in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination.

(F) Loan Loss Requirement; Deposits to Loan Loss Fund. The Loan Loss Requirement (i) for 2009 Series A Bonds with respect to which a Release Date has not occurred, shall be \$0, and (ii) for 2009 Series A Bonds with respect to which a Release Date has occurred, shall be as set forth in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination. Upon the Release Date with respect to any 2009 Series A Bonds, the amount, if any, to be deposited in the Loan Loss Fund from the proceeds of such 2009 Series A Bonds shall be as set forth in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination.

(G) Costs of Issuance Accounts. In the Market Bonds Series Indenture authorizing the issuance of Market Bonds issued on a Release Date, the Agency shall provide for the creation and establishment of an Account in the Costs of Issuance Fund applicable to such Market Bonds and Related Program Bonds. If no Market Bonds are to be issued on a Release Date, the Agency shall provide in an Authorized Officer's Determination for the creation and

establishment of an Account in the Costs of Issuance Fund applicable to the Program Bonds subject to such Release Date. Upon the Release Date with respect to any 2009 Series A Bonds, the amount, if any, to be deposited in such Account from the proceeds of such 2009 Series A Bonds shall be as set forth in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination.

(H) Acquisition Accounts. In the Market Bonds Series Indenture authorizing the issuance of Market Bonds issued on a Release Date, the Agency shall provide for the creation and establishment of an Account in the Acquisition Fund applicable to such Market Bonds and the Related Program Bonds. If no Market Bonds are to be issued on a Release Date, the Agency shall provide in an Authorized Officer's Determination for the creation and establishment of an Account in the Acquisition Fund applicable to the Program Bonds subject to such Release Date. On each Release Date with respect to 2009 Series A Bonds, unless otherwise provided in the Market Bonds Series Indenture authorizing the issuance of the Related Market Bonds or in an Authorized Officer's Determination, proceeds of such 2009 Series A Bonds remaining after any deposits referred to in paragraphs (E), (F) and (G) above have been made are to be deposited in such Account, as provided in Section 209 of the General Indenture

(I) Agency Contribution. To the extent, if any, specified in the Market Bonds Series Indenture authorizing the issuance of Market Bonds issued on a Release Date, the Trustee shall deposit on or prior to the delivery of such Market Bonds a contribution of the Agency in the applicable Account established pursuant to paragraph (G) above, which amount may be reimbursed to the Agency in accordance with the Code. If no Market Bonds are to be issued on a Release Date, to the extent, if any, specified in an Authorized Officer's Determination, the Trustee shall deposit on or prior to such Release Date a contribution of the Agency in the applicable Account established pursuant to paragraph (G) above, which amount may be reimbursed to the Agency in accordance with the Code."

(C) Section 3.03 of the 2009 Series A Series Indenture is hereby amended and restated to read in its entirety as follows:

"Section 3.03. Series Program Determinations. The Market Bonds Series Indenture authorizing the issuance of Market Bonds issued on a Release Date shall include Series Program Determinations applicable to such Market Bonds and Related Program Bonds. If no Market Bonds are to be issued on a Release Date, an Authorized Officer's Determination shall include Series Program Determinations applicable to the Program Bonds subject to such Release Date."

Section 2.03. Article IV to 2009 Series A Series Indenture. The 2009 Series A Series Indenture is hereby amended by the addition of a new Article IV thereto as follows:

## “ARTICLE IV

### **2009 SERIES A BONDS DETERMINED TO BE SUBJECT TO ARTICLE XIII OF THE GENERAL INDENTURE**

Section 4.01. Determination. Any 2009 Series A Bonds as to which the Agency has determined, by execution and delivery of a series indenture to such effect, that the provisions of Article XIII of the General Indenture shall apply to such 2009 Series A Bonds upon their Release Date shall, upon such Release Date, be subject to the provisions of this Article IV and thereupon referred to in this Series Indenture as “Article XIII Bonds.”

Section 4.02. Conflict or Inconsistency. In the event of any conflict or inconsistency between the provisions of this Article IV and any other provisions contained in this Series Indenture, the provisions of this Article IV shall control. The provisions of this Article IV shall apply only to Article XIII Bonds. *Notwithstanding* anything in this Article IV or any other provision of this Series Indenture to the contrary, the provisions of Sections 2.03, 2.04, 2.05, 3.01, 3.02, 3.03, 3.04 and 3.07 of this Series Indenture shall not apply to Article XIII Bonds.

Section 4.03. Appendix B. The provisions of Appendix B to this Series Indenture are incorporated into this Article IV as if set forth herein in their entirety and shall remain in full force and effect so long as any Article XIII Bonds remain Outstanding. To the extent that any provisions of Appendix B are inconsistent with any other provisions of this Article IV, such provisions of said Appendix B shall control, except as provided in Section 4.05. Appendix B shall apply only to Article XIII Bonds. The provisions of Appendix A to this Series Indenture shall not apply to Article XIII Bonds except as provided in Section 4.05. With respect to any 2009 Series A Bonds as to which the Agency has determined to execute and deliver a series indenture referred to in Section 4.01, the provisions of Section 2.3 of Appendix B shall apply in lieu of the provisions of Section 2.3 of Appendix A immediately upon the effective date of such determination.

Section 4.04. Definitions. As used in this Article IV (including Appendix B) with respect to Article XIII Bonds, the following terms shall have the following respective meanings:

“Conversion Indenture” means a series indenture or a supplemental indenture executed and delivered by the Agency pursuant to this Article IV in connection with a Release Date for all or a portion of the principal amount of Article XIII Bonds.

“Indenture” shall mean Article XIII of the General Indenture, as supplemented and amended by this Series Indenture.

“Program Bonds” shall mean Article XIII Bonds.

“Subseries” means that portion of the Article XIII Bonds given a unique subseries designation pursuant to the provisions of a Conversion Indenture executed and delivered in connection with a Release Date with respect to such portion of the Article XIII Bonds.

Section 4.05. Terms of Article XIII Bonds. Article XIII Bonds shall mature on the dates and in the respective principal amounts set forth in Appendix A to this Series Indenture and shall bear interest as provided in Appendix B to this Series Indenture; *provided* that in no event shall the interest rate on the Article XIII Bonds exceed the lesser of (a) 12% per annum and (b) the maximum rate permitted by law. Article XIII Bonds shall be subject to redemption as provided in Appendix B and the related Conversion Indenture.

Section 4.06. Conversion Indentures. Each Conversion of Article XIII Bonds creating a Subseries of Article XIII Bonds shall be authorized by a Conversion Indenture executed and delivered by the Agency pursuant hereto. On and after the Release Date associated with a Conversion of Subseries of Article XIII Bonds such Subseries shall further bear a numerical designation as set forth in the related Conversion Indenture. Upon Conversion, all or a portion of the Article XIII Bonds may, upon satisfaction of each of the applicable conditions of Section 206 of Article XIII of the General Indenture, be identified as Non-Parity Bonds under Article XIII of the General Indenture, as specified in the related Conversion Indenture. Any Conversion Indenture for Article XIII Bonds may establish a Bond Reserve Account, a Loan Reserve Account and any requirements therefore, and may provide for the deposit of moneys other than the proceeds of Article XIII Bonds for the payment of interest on any portion of the Article XIII Bonds being Converted or for any other purpose consistent with Article XIII of the General Indenture.

Each Conversion Indenture executed and delivered by the Agency in connection with the Conversion of Article XIII Bonds shall either specify or fix the manner of determining (in accordance with the provisions of this Article IV):

- (i) The principal amount of the Article XIII Bonds being Converted;
- (ii) The numerical designation of the Subseries designation of such Article XIII Bonds being Converted, the form of such Bonds and the Certificate of Authentication with respect thereto (provided that the Article XIII Bonds shall contain on the face thereof a statement to the following effect: “Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond”), and provisions with respect to book-entry bonds;
- (iii) The Release Date of such Subseries of Article XIII Bonds, any early maturity date or dates thereof and the amount of each maturity of such Bonds;

(iv) In the case of a Subseries for which sinking fund installments are to be provided, provision for the same on such dates and in such amounts which, together with the principal amounts remaining unpaid on the maturity dates thereof, in the aggregate will equal the aggregate principal amount of such Subseries;

(v) Any funds and accounts to be established under such Conversion Indenture within the Program Account or otherwise, and the amounts to be transferred to or deposited in such funds and accounts from the amounts on deposit in the 2009 Series A Escrow Fund;

(vi) Any amendments to the terms of the Converted Article XIII Bonds as set forth therein;

(vii) Any other provisions deemed advisable by the Agency that are not in conflict with the provisions of Article XIII of the General Indenture, including this Series Indenture and Appendix B, including, specification or modification of Interest Payment Dates for the Article XIII Bonds being Converted and, if necessary in the opinion of Bond Counsel, such provisions as may be required for such Article XIII Bonds to comply with the requirements of Section 103, 142, 146 or 148 of the Code.”

Section 2.04. Article V to 2009 Series A Series Indenture. The 2009 Series A Series Indenture is hereby amended by the addition of a new Article V thereto as follows:

#### **“ARTICLE V**

#### **2009 SERIES A BONDS DETERMINED TO BE SUBJECT TO ARTICLE XIV OF THE GENERAL INDENTURE**

Section 5.01. Determination. Any 2009 Series A Bonds as to which the Agency has made an Authorized Officer’s Determination that the provisions of Article XIV of the General Indenture shall apply to such 2009 Series A Bonds upon their Release Date shall, upon such Release Date, be subject to the provisions of this Article V and thereupon referred to in this Series Indenture as “Article XIV Bonds.”

Section 5.02. Conflict or Inconsistency. In the event of any conflict or inconsistency between the provisions of this Article V and any other provisions contained in this Series Indenture, the provisions of this Article V shall control. The provisions of this Article V shall apply only to Article XIV Bonds. With respect to Article XIV Bonds, references to the General Indenture in Sections 1.01, 1.04, 2.04, and 3.01 of this Series Indenture and in Appendix A shall mean Article XIV of the General Indenture.”

Section 2.05. Appendix A to 2009 Series A Series Indenture. Appendix A to the 2009 Series A Series Indenture is hereby amended and restated in its entirety as attached hereto as Exhibit A.

Section 2.06. References in 2009 Series A Series Indenture. All references to Appendix A in the 2009 Series A Series Indenture shall hereafter be read to refer to such appendix as amended by Section 2.05.

Section 2.07. Appendix B to 2009 Series A Series Indenture. A new Appendix B is hereby added to the 2009 Series A Series Indenture in the form attached hereto as Exhibit B.

IN WITNESS WHEREOF, the California Housing Finance Agency has caused this Supplemental Indenture to be signed in its name by its Director of Financing and its corporate seal to be affixed hereto and attested by the Secretary of its Board of Directors, and U.S. Bank National Association, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be executed in its name by an authorized representative thereof.

CALIFORNIA HOUSING FINANCE AGENCY

By \_\_\_\_\_

[Name]

[Title]

[Seal]

Attest:

\_\_\_\_\_  
Secretary of the Board of Directors

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_

Authorized Officer

[Signature page of Supplemental Indenture  
dated as of January 1, 2012]

**APPENDIX A**  
**AMENDED AND RESTATED AS OF JANUARY 1, 2012**  
**ADDITIONAL TERMS OF THE 2009 SERIES A BONDS**

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## ARTICLE I

### DEFINITIONS AND INTERPRETATIONS

**Section 1.1. Appendix Definitions.** The following terms shall, with respect to the Program Bonds, have the following meanings in this Appendix A and the Indenture for so long as the Program Bonds remain Outstanding:

“*Administrator*” means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

“*Annual Base Rate*” means, in connection with Program Bonds subject to a Release Date occurring prior to January 1, 2011, 3.49%, and, in connection with a Release Date occurring on or after January 1, 2011 and prior to January 1, 2012, the 10 year Constant Maturity Treasury Rate as of the close of business on December 9, 2010 or a date between December 2, 2010 and December 10, 2010, designated in advance by the Issuer, each as reported to the Trustee and Issuer by the Special Permanent Rate Advisor.

“*Annual Filing*” means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which information shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*Authorized Denominations*” means \$5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple of \$10,000 in excess thereof.

“*Bond Counsel*” means nationally recognized bond counsel selected by the Issuer.

“*Bond Rating*” means the long-term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Bonds) assigned to the Program Bonds or Parity Debt by each Rating Agency then providing its long-term rating therefor. If more than one rating agency provides a rating, the “Bond Rating” is the lowest such rating.

“*Ceiling Rate Pair*” means, in connection with Program Bonds subject to a Release Date occurring on or after January 1, 2012, a pair of interest rates consisting of (i) the 10 year Constant Maturity Treasury Rate, as reported by Treasury as of the close of business on the 2011 Determination Date plus 60 basis points and (ii) the MMD Rate as of the close of business on the 2011 Determination Date plus 60 basis points, as such rates are certified to the Issuer by the Special Permanent Rate Advisor.

“*Certificate of Adverse Change*” means a written notice from or on behalf of the GSEs or the Issuer stating that one or more of the certificates or opinions required to be delivered by the Issuer pursuant to the Placement Agreement has been revised or withdrawn prior to the receipt by the Issuer of proceeds of the Program Bonds on the Settlement Date.

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined Original LTV” means the aggregate original principal balance(s) of all mortgages on a property divided by its original appraised value or original purchase price, whichever is less.

“Conversion” or “Converting” or “Converted” means the conversion or the converting of the interest rate on all or a portion of the Pre-Conversion Bonds from a Short-Term Rate to a Permanent Rate as provided herein.

“Conversion Date” means, with respect to all or a portion of Pre-Conversion Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than nine (9) Conversion Dates. Notwithstanding the foregoing, Conversion Dates with respect to which 100% of the released Escrowed Proceeds were used to refund bonds of the Issuer which were, prior to such refunding, supported by a Temporary Credit and Liquidity Facility issued by the GSEs shall **not** count against the nine (9) overall Conversion Date limit.

“Converted Bonds” means Program Bonds that have been through the process of Conversion.

“Cumulative Loss” means the dollar amount of losses realized on a portfolio of mortgages after taking into account recoveries from insurance proceeds, foreclosure or other disposition of the collateral.

“Debt” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

“Debt to Income Ratio” means, for purposes of the reporting package referenced in Section 5.3 hereof, this is a front-end calculation that compares a borrower’s monthly Mortgage Expense (numerator) to the borrower’s monthly gross income (denominator).

“Determination Date” means, collectively, the 2011 Determination Date and the 2012 Determination Date.

“Escrow Fund” means the 2009 Series A Escrow Fund, which is created by the Series Indenture as a separate, noncommingled Fund in which the Trustee will hold the Pre-Conversion Bond proceeds until the applicable Release Date or until such Pre-Conversion Bonds are redeemed.

“Escrowed Proceeds” means the portion of the proceeds of the Pre-Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

“*Escrow Release Termination Date*” means, subject to the GSEs’ right to consent to Release Dates, December 31, 2012, or any later date approved by Treasury and the GSEs in their sole discretion.

“*Fannie Mae*” means the Federal National Mortgage Association, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

“*FHA*” means the Federal Housing Administration or its successors.

“*Four Week T-Bill Rate*” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address -<http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

“*GNMA*” means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

“*GSE*” means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“*Hedge*” means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

“*HUD*” means the United States Department of Housing and Urban Development.

“*Interest Payment Date*” means, with respect to Pre-Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre-Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre-Conversion Bonds which are to become, as of such date, Converted

Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be as set forth in an Agency Request delivered to the Trustee on or prior to the related Release Date, provided that no Interest Payment Date for a Converted Bond may be later than the fifteenth day of the month in which such Interest Payment Date occurs.

“*Issuer*” means the Agency.

“*Market Bond Ratio Requirement*” means the requirement, applicable only to Release Dates occurring before January 1, 2012, that the Issuer issue and deliver Market Bonds in conjunction with and as a condition to each Release Date, the principal amount of such Market Bonds being not less than two-thirds (2/3) of the principal amount of the Pre-Conversion Bonds the proceeds of which are proposed to be released on such Release Date.

“*Market Bonds*” means serial bonds and/or term bonds sold by the Issuer to public or private investors in accordance with standard bond underwriting practices that are issued in conjunction with the release of Program Bonds under the Indenture in order (i) to satisfy the conditions to the release of proceeds of some or all of the Program Bonds or (ii) to generate funds in addition to those provided by the proceeds of the Program Bonds.

“*Material Event Filing*” means the material event notices required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*MBS*” means a mortgage-backed security or securities issued by either GSE or by GNMA.

“*MMD Rate*” means, as of the close of business on the relevant Determination Date, the 30 year “AAA” MMD rate published by Thompson Reuters; provided, however, that if such rate is below the 10-year Constant Maturity Treasury Rate, as reported by Treasury on the relevant Determination Date, the “MMD Rate” shall mean the greater of the 10-year Constant Maturity Treasury Rate or the 30-year Constant Maturity Treasury Rate, as reported by Treasury as of the close of business on such Determination Date.

“*Mortgage Expense*” means the monthly payment for mortgage principal and interest as well as any monthly mortgage insurance premium.

“*Notice Parties*” means the Administrator, Fannie Mae, Freddie Mac and Treasury’s Financial Agent.

“*Notice Parties’ Addresses*” means the addresses of the Notice Parties set forth in Section 6.1 hereof as modified from time to time pursuant to Section 6.1 hereof.

“*Notification Date Rate Pair*” means, in connection with Program Bonds subject to a Release Date occurring on or after January 1, 2012, a pair of interest rates consisting of (i) the 10-year Constant Maturity Treasury Rate, as reported by Treasury as of the close of business on the 2012 Determination Date and (ii) the MMD Rate as of the close of business on the 2012

Determination Date, as such rates are certified to the Issuer by the Special Permanent Rate Advisor.

“*Official Statement*” means an official statement or other offering document of the Issuer with respect to either the Program Bonds or the Market Bonds.

“*Official Statement Supplement*” means the supplement or amendment to the official statement of the Issuer relative to the Conversion of Program Bonds to Converted Bonds.

“*Parity Debt*” means, at any given time, Debt, including the Program Bonds, that is now or hereafter Outstanding under the terms of the Indenture, provided that such Debt is secured and is otherwise payable on a parity with the Program Bonds pursuant to the Indenture.

“*Permanent Rate*” means, with respect to the principal amount of Pre-Conversion Bonds subject to release on the relevant Release Date, an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to such Release Date equal to (i) with respect to Release Dates prior to December 31, 2011, the sum of (A) the 10 Year Treasury Rate plus (B) the Spread and, (ii) with respect to Release Dates on or after January 1, 2012, the sum of (A) the Weighted Average Life Rate plus (ii) the Spread.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre Conversion Bonds, the date on which the Special Permanent Rate Advisor notifies the Issuer and the Trustee of the Permanent Rate, which date shall be a date on or before the first business day at least seven (7) calendar days prior to the Release Date, provided that, if such date is prior to January 1, 2012, a bond purchase agreement must be executed with respect to the Market Bonds on or prior to such date for such Permanent Rate to be effective.

“*Permitted Escrow Investments*” means the investments represented by and provided pursuant to that certain Global Escrow Agreement dated as of December 1, 2009 by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Placement Agreement*” means the Placement Agreement among the Issuer and the GSEs, concerning the acquisition of the Program Bonds from the Issuer, as amended by Section 5.3 hereof.

“*Pre-Conversion Bonds*” means Program Bonds for which the interest rate has not been the subject of a Conversion.

“*Pre-Settlement Date*” means December 30, 2009.

“*Primarily Single Family Indenture*” means an existing indenture having underlying single family mortgage loans and MBS constituting at least 70% of the underlying portfolio of

mortgage loans held under the Indenture; said calculation to include underlying mortgage loans originated and anticipated to be originated in connection with the Program Bonds and to be calculated on the relevant calculation date.

“*Program*” means the Housing Finance Agency Initiative New Issue Bond Program announced by Treasury on October 19, 2009.

“*Program Bonds*” means the 2009 Series A Bonds authorized to be issued pursuant to Section 209 of the Indenture, Section 2.01 of the Series Indenture and Section 2.1 of this Appendix A, and includes Pre-Conversion Bonds and Converted Bonds.

“*RDA*” means the Rural Development Agency of the United States Department of Agriculture or its successors.

“*Related Documents*” means the Program Bonds, the Indenture, the Series Indenture (which includes this Appendix A), any investment agreement or repurchase agreement relating to security for Parity Debt, any surety bond or other credit or liquidity support relative to Parity Debt, and any Hedge entered into with respect to Parity Debt and payable on a parity therewith, as the same may be amended or modified from time to time in accordance with their respective terms.

“*Release Date*” means such date or dates (not to exceed nine (9) dates, no more than one of which may occur in any 30-day period) on or prior to the Escrow Release Termination Date and which dates are acceptable to the GSEs, on which dates the proceeds of the related Market Bonds, if any, are delivered to the Trustee and the other requirements hereunder are satisfied, including, without limitation, delivery of the Market Bond Ratio Requirement Compliance Certificate attached hereto as Exhibit B, if applicable. For purposes of determining the number of Release Dates, each delivery by the Issuer of a Notification of Interest Rate Conversion shall be counted as a Release Date regardless of whether the related Release Date actually occurs or is postponed, unless the GSEs elect not to treat failure to satisfy the conditions relative to a particular Release Date against the total Release Date limit. Notwithstanding the foregoing, Release Dates with respect to which 100% of the Escrowed Proceeds are used to refund bonds of the Issuer which were, prior to such refunding, supported by a Temporary Credit and Liquidity Facility issued by the GSEs shall **not** count against the nine (9) overall Release Date limit described above.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*Settlement Date*” means January 12, 2010.

“*Shortfall Amount*” means the difference, as of the Settlement Date, between the proceeds of the Program Bonds to be received on such Settlement Date and the initial principal amount of such Program Bonds.

“*Short-Term Rate*” means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such

Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of the Spread plus the lesser of (A) the Four Week T-Bill Rate as of the second Business Day prior to the Release Date or (B) the Permanent Rate less the Spread. For purposes of this provision, “*Investment Earnings*” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“*Single Family Program Bond Limit*” means the amount of \$1,244,251,031 that has been allocated to the Issuer with respect to the Program Bonds.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Spread*” means additional per annum interest on the Program Bonds based upon the lowest Bond Rating effective as of the Permanent Rate Calculation Date to the Program Bonds under the Indenture by the rating agencies rating the Program Bonds, as follows:

<u>RATING</u>	<u>ADDITIONAL SPREAD</u>
‘AAA’/‘AAA’	60 BPS
‘AA’/‘AA’	75 BPS
‘A’	110 BPS
‘BAA’/‘BBB’	225 BPS

“*Temporary Credit and Liquidity Facility*” means each Standby Irrevocable Temporary Credit and Liquidity Facility, dated as of December 23, 2009, issued by the GSEs, and providing liquidity and credit support with respect to certain of the Issuer’s bonds, as the same may be amended from time to time.

“*10-Year Treasury Rate*” means the lower of (i) the Annual Base Rate, or (ii) the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on the business day immediately prior to receipt by the Notice Parties of the Notification of Interest Rate Conversion, and ending on the first business day not less than eight (8) days prior to the related Release Date. *Provided, however*, (1) if such Notification of Interest Rate Conversion is amended after its submission to provide for a later Release Date, clause (ii) above shall read as follows: the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on the business day immediately prior to receipt by the Notice Parties of the amended Notification of Interest Rate Conversion, and ending on the first business day not less than eight (8) days prior to the related Release Date, and (2) if the Notification of Interest Rate Conversion is received by the Notice Parties in 2010 for a Release Date in 2011, clause (ii) above shall read as follows: the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on January 1, 2011 and ending on the first business day not less than eight (8) days prior to the related Release Date. The 10 Year Constant Maturity Treasury rate shall be established by reference to the Daily Treasury Yield Curve Rates published by Treasury, currently available on

its website at: <http://www.ustreas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml>, and as certified to the Issuer and/or the Trustee by the Special Permanent Rate Advisor.

“*Treasury*” means the United States Department of the Treasury.

“*Treasury’s Financial Agent*” means JPMorgan Chase Bank, N.A., as Treasury’s financial agent, or such other party as Treasury may appoint for such purpose from time to time.

“*Trial Balance*” means, for the purposes of the reporting package referenced in Section 5.3 hereof, a report specific to the Indenture pursuant to which Program Bonds are outstanding, setting forth amounts held in each of the funds and accounts under the Indenture and providing reasonable detail as to how the monies are invested.

“*2011 Determination Date*” means (i) the preceding business day relative to any date between December 1, 2011 and December 9, 2011, inclusive, selected by the Issuer on or before such date by e mail request to HFAInitiative@SSgA.com with a copy to JPM.HFA@jpmorgan.com or (ii) if no such selection is made by the Issuer, December 8, 2011.

“*2012 Determination Date*” means the business day immediately prior to submission by the Issuer of a Notification of Interest Rate Conversion.

“*VA*” means the United States Department of Veterans Administration or its successors.

“*Volume Cap*” means tax-exempt bond volume cap as described in Section 146 of the Code.

“*Weighted Average Life*” means the weighted average life of a series of Program Bonds as certified by the Issuer at least nine (9) calendar days prior to the applicable Release Date based solely on the maturity dates and mandatory sinking fund redemptions and/or mandatory principal pass through amounts applicable to such Program Bonds.

“*Weighted Average Life Rate*” means the lower of the two index rates (R) to be found by calculating for both the Ceiling Rate Pair and the Notification Date Rate Pair (rounded to the nearest basis point) the linearly interpolated point between the rates in that pair utilizing the Weighted Average Life. Specifically, for each of the Ceiling Rate Pair and the Notification Date Rate Pair, the Weighted Average Life Rate will equal:

$$R^* = CMT_{10} + \frac{WAL - 10}{20} (MMD_{30} - CMT_{10})$$

If the Weighted Average Life is less than 10 years, the Weighted Average Life Rate shall equal the lower of the 10-year Constant Maturity Treasury Rate-based rates in the Ceiling Rate Pair and the Notification Date Rate Pair. \*Consistent with the definition of “Ceiling Rate Pair,” in the above formula, (i) the Ceiling Rate Pair CMT<sub>10</sub> and MMD<sub>30</sub> rates shall be increased by 60 basis points, and (ii) “MMD<sub>30</sub>” shall mean the MMD Rate, as defined herein.

**Section 1.2. Inconsistent Defined Terms.** To the extent that any defined terms contained in Section 1.1 hereof are inconsistent with any defined terms in the Indenture, the defined terms contained herein shall control with respect to the Program Bonds.

**Section 1.3. Other Defined Terms.** Other capitalized terms contained in this Appendix A and not otherwise defined herein, shall have the same meanings ascribed thereto in the Indenture.

## ARTICLE II

### TERMS OF PROGRAM BONDS

#### Section 2.1. Date, Maturities and Denominations.

(a) **Program Bonds.** The Program Bonds shall be dated December 30, 2009, shall bear interest from the Settlement Date and shall mature on the dates and in the principal amounts set forth below, except as otherwise provided herein:

Subseries	Maturity	Principal Amount
2009 Series A-1	December 30, 2041	\$900,000,000
2009 Series A-2	December 30, 2041	\$116,440,000

(b) **Denominations.** The Program Bonds shall be issued only in Authorized Denominations and each Release Date shall apply to Program Bonds in Authorized Denominations.

**Section 2.2. Interest Rates.** Each Pre-Conversion Bond shall bear interest at the Short-Term Rate from the Settlement Date to the related Conversion Date. The interest rate on some or all of the Pre-Conversion Bonds may be Converted on a Conversion Date to a Permanent Rate in accordance with the provisions hereof. Interest shall be payable on each Interest Payment Date. From and after the Release Date, the Program Bonds shall bear interest on the basis of a 360-day year consisting of 12 30-day months. *Notwithstanding* anything else herein or in the Indenture to the contrary, in no event shall the interest rate on the Program Bonds exceed the lesser of (a) 12% per annum and (b) the maximum rate permitted by law.

#### Section 2.3. Release and Conversion.

(a) **General.** A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular portion of a Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Issuer may exercise its right of Conversion on no more than nine (9) occasions and must cause each related Release Date to occur on or prior to the Escrow Release Termination Date. Notwithstanding the foregoing, Release Dates with respect to which 100% of the Escrowed Proceeds are used to refund bonds of the Issuer which were, prior to such refunding, supported by a Temporary Credit and Liquidity Facility issued by the GSEs shall **not**

count against the nine (9) overall Release Date limit described above. If Pre-Conversion Bonds are Converted to Permanent Rates in part on different dates, each portion of such Program Bond may bear interest at different Permanent Rates based on their respective Conversion Dates.

(b) ***Release Requirements.***

(i) On or Prior to a Permanent Rate Calculation Date.

(A) On or prior to the date which is twenty-one (21) days prior to a proposed Permanent Rate Calculation Date, the Issuer shall notify the Trustee, the Notice Parties (at the Notice Parties' Addresses) and the Rating Agencies, pursuant to Exhibit A hereto, of (I) the proposed Release Date (which may not be a date more than sixty (60) days following the date on which a Notification of Interest Rate Conversion is delivered to the Notice Parties hereunder), (II) the proposed Conversion Date, (III) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, (IV) the proposed Permanent Rate Calculation Date and (V) the Bond Rating anticipated to be in effect on the Release Date. On a business day which is at least nine (9) calendar days prior to a proposed Release Date, the Issuer shall submit to the Notice Parties and the Trustee a schedule of maturity dates and sinking fund redemptions and/or mandatory principal pass through amounts relative to the Program Bonds to be converted, as well as a certification by the Issuer of the Weighted Average Life of such Program Bonds.

(B) On the Permanent Rate Calculation Date, the Issuer shall deliver to the Trustee, with copies to the Notice Parties, (I) a copy of the executed bond purchase agreement delivered with respect to the Market Bonds, if required pursuant hereto, and (II) the Preliminary Official Statement with respect to the Market Bonds, if required pursuant hereto (with the final Official Statement to be provided as soon as it is available).

(ii) *On or Prior to a Release Date.* The Issuer shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

(A) the certification of the Special Permanent Rate Advisor specifying the Permanent Rate Calculation Date and the Four Week T-Bill Rate, Spread and Permanent Rate applicable to the relevant Conversion;

(B) the Official Statement for the Market Bonds, if any, and the Official Statement or Official Statement Supplement for the Program Bonds, which is required to exactly reflect the schedule submitted by the Issuer pursuant to Section 2.3(b)(i)(A) hereof;

(C) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Issuer to the effect that nothing has come to their attention that the Official Statement Supplement or Official Statement relating to the Program Bonds contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the

circumstances in which there were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;

(D) confirmation by the Rating Agencies of the Bond Rating on the applicable Program Bonds after giving effect to the Release Date and related Conversion;

(E) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and are enforceable obligations of the Issuer and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code;

(F) evidence, relative to any Release Date occurring before January 1, 2012, that the principal amount of the Market Bonds is in an amount of not less than two-thirds (2/3) of the applicable portion of the principal amount of the Program Bonds being Converted;

(G) a certificate of the Issuer, attached as Exhibit B hereto, specifying (I) the principal amount of the related Program Bonds to be Converted, (II) the related Market Bonds, if any, and their maturity dates, interest rates and principal amounts, (III) the amount of the proceeds of the Market Bonds, if any, and the amounts to be released from the Escrow Fund in connection with such Conversion, (IV) the applicable Conversion Date, (V) the Release Date and (VI) the principal amount of the Pre-Conversion Bonds which will not be Converted as part of the related Conversion; and

(H) a certificate of the GSEs, evidencing (I) their consent to the Release Date, (II) that the Issuer has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the modification term sheets released on November 23, 2011 and in connection with the Release Date and (III) if the Escrowed Proceeds are being used, in whole or in part, to refund outstanding bonds of the Issuer, satisfaction with the mortgage loan collateral to be transferred as security for the Program Bonds.

The Trustee shall provide via e mail and delivery by overnight mail (x) to the Notice Parties at the Notice Parties' Addresses copies of items (ii) (A) through (H) above and (y) to the Issuer and the Notice Parties at the Notice Parties' Addresses, confirmation, as set forth in Exhibit C to this Appendix A, that the interest rate of the related Program Bonds shall be Converted to the specified Permanent Rate as of the specified Conversion Date and that the related bond proceeds shall be released to the Issuer on the specified Release Date in accordance with the provisions of this Appendix A. The foregoing are in addition to, and not in lieu of, the requirements relating to the issuance of additional Bonds under the Indenture with respect to the Market Bonds.

**Section 2.4.** [Reserved]

**Section 2.5. Taxable Bond Representation.** The Issuer hereby represents and warrants that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds to be tax-exempt, on a timely basis and in a manner which shall permit the Conversion of all Program Bonds to a Permanent Rate and the release of all Escrowed Proceeds by the Escrow Release Termination Date and (ii) the Issuer shall use its best efforts to obtain such Volume Cap, if necessary. The Issuer further represents and warrants that all tax-exempt Program Bonds issued hereunder shall be qualified mortgage bonds within the meaning of Section 143 of the Internal Revenue Code of 1986. The Issuer agrees and acknowledges that the adjustment of interest on Program Bonds from taxable status to tax-exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Issuer represents and warrants that the conversion of such Program Bonds to tax-exempt status will not be accomplished by such means.

**Section 2.6. Special Redemptions.**

(a) ***Pre-Conversion Bonds.***

(i) *Failure to Convert.* Any Pre-Conversion Bonds with respect to which a Release Date has not occurred on or prior to the Escrow Release Termination Date are subject to mandatory redemption on the first day of the first month which commences at least 20 days following the Escrow Release Termination Date (or an earlier date selected by the Issuer), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(ii) *Withdrawal of Closing Certificates.* The Program Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver.

(b) ***Pre-Conversion Bonds Not Meeting Minimum Rating Thresholds.*** Within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below 'Baa3' or 'BBB-', all proceeds that are held in the Escrow Fund shall be used to mandatorily redeem a corresponding amount of Pre-Conversion Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. The Issuer hereby covenants to provide such notice to the Trustee promptly upon receipt by the Issuer of notice of any such withdrawal or downgrade.

(c) ***Available Moneys for Redemptions.*** With respect to the redemptions set forth in (a) and (b) above, moneys still on deposit in the Escrow Fund shall be used for any such redemption; if Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

**Section 2.7. Redemption Restrictions and Recycling Prohibition.** Except as limited by tax law requirements, the Issuer shall apply the following exclusively to the redemption of

Program Bonds: (i) all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or MBS, refund outstanding bond issues as herein provided, pay Program Bond issuance expenses or fund related reserve accounts and (ii) so long as any Market Bonds remain Outstanding, a pro rata portion (calculated based on the Outstanding principal amount of the Program Bonds and the Outstanding principal amount of the Market Bonds) of all principal prepayments and recoveries of principal received with respect to the mortgage loans or MBS acquired or financed with the proceeds of the Program Bonds and the Market Bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions (which must be structured in accordance with the requirements of Section 2.8) on Program Bonds, Market Bonds or other bonds issued in conjunction with and secured by the Pledged Property on a parity with the Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and as provided above shall not be recycled into new mortgage loans or MBS. If more than one series of Program Bonds is Outstanding hereunder, the provisions of clauses (i) and (ii) shall be applied to each series in isolation such that amounts applied pursuant hereto to the redemption of Program Bonds shall be applied to the redemption of the series of Program Bonds which funded the applicable unused proceeds or which funded the mortgage loans or MBS prepayments or recoveries of principal giving rise to such redemption, as the case may be.

**Section 2.8. Mandatory Sinking Fund Redemption.** Program Bonds are subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Issuer not later than the final Release Date. The Issuer hereby covenants to establish such sinking fund schedules as herein provided and deliver such sinking fund schedule to the Trustee in an Agency Request. Each such redemption shall be at a price of par, plus accrued interest to the redemption date. The schedules described above shall take into account anticipated underlying mortgage loan amortization, and standard and customary practices of the Issuer in connection with combined serial bond and term bond issuances. Notwithstanding anything to the contrary herein, the Issuer shall not structure sinking fund schedules relative to the Program Bonds or any other bonds secured by the Pledged Property which assume any unscheduled prepayments of mortgage loans or MBS. Unscheduled prepayments will be applied to redemption of bonds as provided in Section 2.7. Except as otherwise required to maintain the rating on a series of Program Bonds, Program Bond mandatory sinking fund redemption schedules shall be adjusted, in the event of any unscheduled redemption of Program Bonds subject to such sinking fund redemption (as nearly as practicable, taking into account authorized denominations), by reducing each remaining scheduled sinking fund payment by a factor equal to the principal amount of such unscheduled redemption of Program Bonds subject to such sinking fund redemption divided by the aggregate principal amount of Program Bonds Outstanding prior to such redemption (after giving effect to any scheduled redemption occurring on or prior to such redemption date). The Trustee shall, within thirty (30) days of any such unscheduled principal redemption, provide notice, in a format acceptable to the GSEs, to the Notice Parties of the revised sinking fund redemption schedule calculated in accordance herewith.

**Section 2.9. Optional Redemption.** Program Bonds are subject to redemption at the option of the Issuer, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

**Section 2.10. Changes Permitted Upon Conversion.** In conjunction with the Conversion of Pre-Conversion Bonds, on or prior to the Release Date, the Issuer may add mandatory sinking fund redemption requirements to such Program Bonds, may agree to pay the principal of such Program Bonds prior to their stated maturity and may issue additional Market Bonds (whether or not as part of the same federal tax financing plan), which Market Bonds may mature before or after the Program Bonds or be redeemed before or after the Program Bonds.

**Section 2.11. Redemption Notice Requirements.** In addition to any other required notices under the Indenture, written notice of each redemption of Program Bonds shall be simultaneously provided by the Trustee to the Notice Parties, such notice to be provided by e-mail to the Notice Parties' Addresses on the form attached hereto as Exhibit H. Redemption of Program Bonds shall not be conditioned on or delayed for the giving of such notice, which shall be provided to the Notice Parties at the Notice Parties' Addresses at least ten (10) days in advance of the date of such redemption (or such lesser period as is required under the Indenture). All redemptions of Program Bonds shall be only in Authorized Denominations.

**Section 2.12. DTC Provisions.**

(a) The Trustee shall take all actions reasonably required by the Issuer, in accordance with the policies and procedures of the Depository Trust Company, New York, New York ("DTC") to assist the Issuer in the DTC aspects of the settlement process in connection with the Pre-Settlement Date, the Settlement Date, the Release Date and the Conversion Date.

(b) The Program Bonds shall initially be issued to Cede & Co., as nominee for DTC, as one fully registered Bond in the aggregate principal amount of each series of the Program Bonds. In connection with a Release Date for any of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the interest rate(s) to which such Bonds are being Converted and the Release Date and Conversion Date applicable thereto.

If less than all of the Pre Conversion Bonds are the subject of a particular Release Date, the Issuer and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds. If a new Program Bond at such a reduced principal amount representing Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Issuer shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

In the event DTC determines to discontinue providing its services and a successor securities depository for all the Program Bonds is not designated, the Issuer and the Trustee shall arrange for the delivery of a single certificate for each series of the Program Bonds as fully registered bonds.

### **Section 2.13. Market Bond Requirements.**

(a) **General.** The Issuer is, relative to any release of Escrowed Proceeds occurring prior to January 1, 2012, required to issue Market Bonds under the Indenture in connection with the Program Bonds in order to cause the release of Escrowed Proceeds of Program Bonds as described herein. The Issuer represents and warrants that it reasonably expects to meet all requirements contained herein relative to the release of Escrowed Proceeds of all Program Bonds issued hereunder prior to the Escrow Release Termination Date.

(b) **Amortization.** The Issuer shall not issue Market Bonds with ‘super sinkers,’ planned amortization classes or other priority allocation class rights unless such provisions retain for application to the redemption of the Program Bonds at least the portion of any prepayments or other recoveries of principal relative to MBS purchased with proceeds of the Program Bonds specified in Section 2.7 hereof.

(c) **Mortgage Loan Prepayments.** Prepayments received on the underlying mortgage loans financed with proceeds of the Program Bonds and the related Market Bonds, if any, shall be applied to redemption of such Program Bonds pursuant to Section 2.7 hereof.

**Section 2.14. Treasury Consent Fee.** The Issuer hereby agrees to remit to Treasury, as directed by the GSEs, on or before January 15 of each year, beginning January 15, 2011, the fee (the “Treasury Consent Fee”) accruing the previous calendar year. The Treasury Consent Fee shall accrue on a monthly basis beginning September 1, 2010 in an amount equal to one-twelfth of 1 basis point ( $\frac{1}{12}$  of .01%) of the total amount of outstanding Program Bonds as of the end of the previous calendar month. The Treasury Consent Fee shall be payable from amounts available for this purpose under this Indenture or from any other legally available funds of the Issuer.

**Section 2.15. Treasury Non Conversion Fee.** The Issuer hereby agrees to remit to Treasury, as directed by the GSEs, a fee equal to .30% per annum accruing from and after April 1, 2012, calculated on the basis of a 365- or 366-day year, as applicable, from April 1, 2012 to the date on which Escrowed Proceeds are applied to the redemption of Program Bonds. Such fee shall be calculated on the principal amount of Program Bonds redeemed with Escrowed Proceeds released from escrow for such purpose, and shall be payable on the date of such redemption.

## **ARTICLE III**

### **PROCEEDS OF PROGRAM BONDS**

#### **Section 3.1. Escrow of Proceeds of Program Bonds.**

(a) **Escrowed Proceeds.** The proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund for application as set forth herein.

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until

either the written waiver referenced in Section 2.6(a)(ii) is delivered or the Program Bonds are redeemed as provided in such Section.

In addition, the proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund until the requirements of Section 2.3 hereof are satisfied or until applied to the redemption of the Program Bonds pursuant hereto. The Escrowed Proceeds and the Shortfall Amount held in the Escrow Fund shall be pledged exclusively to the repayment of the Program Bonds unless and until there is a default under the Indenture, in which case such funds will be applied as required by the Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments.

(b) ***Conversion and Release of Escrowed Proceeds.*** Upon the satisfaction of the requirements of Section 2.3 and to the extent provided therein, the released Escrowed Proceeds shall be transferred to such fund or account as the Issuer may direct the Trustee.

### **Section 3.2. Use of Proceeds of Program Bonds.**

(a) ***Use of Proceeds.*** The proceeds received from the release of Escrowed Proceeds in connection with Program Bonds shall be used only to redeem Program Bonds or as follows:

(i) to acquire and finance the holding of single-family loans or single-family MBS which are either newly originated or refinanced, so long as all such loans are eligible to be financed on a tax-exempt basis under applicable federal income tax law (“eligible loans”);

(ii) to refund, as fixed-rate bonds, any of the Issuer’s variable-rate debt (including, but not limited to, auction rate securities issued and outstanding on or prior to October 19, 2009 or refund an issue that did so, so long as such debt was, in turn, issued to acquire and finance the holding of eligible loans; the use of proceeds for such a refunding purpose shall be limited to 30% of the net proceeds of the Program Bonds; provided, however, that an additional 10% of the net proceeds of the Program Bonds may be used for such purpose if the bonds being refunded were, immediately prior to such refunding, secured by a Temporary Credit and Liquidity Facility issued by the GSEs); the restrictions on refundings herein shall not apply to either (A) the use of proceeds to repay ‘warehouse credit lines’ used to acquire mortgage loans and MBS or (B) ‘replacement refundings’ where proceeds of Program Bonds are exchanged dollar for dollar for unexpended tax exempt bond proceeds and/or MBS or mortgage loan prepayments so long as all proceeds of related Market Bonds are exchanged first for such purpose; and

(iii) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable federal tax law.

The proceeds of the Program Bonds shall not be used for essential governmental functions within the meaning of Section 115 of the Code or qualified veterans mortgage bonds under Section 143 of the Code, or by Section 501(c)(3) organizations.

(b) **Taxable Bonds.** Proceeds of Program Bonds issued as taxable bonds hereunder may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to Section 2.3(b) hereof.

## ARTICLE IV

### SPECIAL GSE RIGHTS

**Section 4.1. Removal of Trustee.** No successor Trustee under the Indenture shall be appointed under the Indenture without written notice to the Notice Parties at the Notice Parties' Addresses and without the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

**Section 4.2. GSEs as Third-Party Beneficiaries.** Each GSE is intended to be and shall be a third-party beneficiary of this Appendix A and the Indenture, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions of this Appendix A.

## ARTICLE V

### COVENANTS

**Section 5.1. Special Issuer Covenants.** The Issuer hereby covenants that, so long as the Program Bonds are Outstanding, it shall:

(a) if any Program Bonds are not issued on a tax-exempt basis, use its reasonable best efforts to obtain Volume Cap allocations as needed for such Program Bonds on or prior to the Escrow Release Termination Date;

(b) not permit the aggregate principal amount of the Program Bonds issued hereunder to exceed the Single Family Program Bond Limit;

(c) not allow the aggregate principal amount of Market Bonds and Program Bonds to exceed the reasonable expectations requirement applicable to tax-exempt mortgage revenue bonds;

(d) not issue new Bonds under the Indenture in a variable rate demand, adjustable rate or auction rate mode other than Program Bonds during the period such Program Bonds bear interest at the Short-Term Rate;

(e) take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Program Bonds and all other Bonds issued under the Indenture shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Indenture;

(f) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:

(i) the Issuer may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the indentures of the Issuer (such as, for example, fees and payments due on an interest rate swap entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, subject to each of the following requirements:

(A) either:

(1) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long-term rating of the Program Bonds; or

(2) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(i) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Program Bonds are below the level of "Baa3" or "BBB-" or has been suspended or withdrawn;

(ii) the Issuer may withdraw cash or other assets from the Indenture for any purpose of the Issuer other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Issuer obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the rating on the Program Bonds will be not less than "Aaa" with a rating outlook that is either "stable" or "positive" or the equivalent;

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Issuer within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Issuer; and

(C) prior to and as a condition of such withdrawal, the Issuer provides a written certification to the Administrator and to Treasury's Financial Agent

specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

(g) with respect to the purchase, enforcement and servicing of MBS, the Issuer shall:

(i) purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Issuer is bound,

(ii) cause all mortgage loans underlying MBS to be serviced pursuant to the servicing requirements of the Issuer, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable,

(iii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the MBS, loan program documents and all such other documents evidencing obligations to the Issuer, and

(iv) diligently take all actions consistent with sound MBS purchase practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Program Bonds;

(h) not issue any bonds senior in priority to the Program Bonds and the Issuer represents and warrants that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

**Section 5.2. Covenants Regarding Administration of Indenture and Program Bonds.** The Issuer hereby covenants, so long as the Program Bonds remain Outstanding, that it shall:

(a) not amend, supplement or otherwise modify in any material respect the Indenture, this Appendix A or any other Related Document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Indenture, except as provided in Section 5.1(d) hereof. With respect to Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling;

(b) not permit any funds invested under the Indenture to be invested in obligations, securities or other investments of a type not included within the categories permitted for such purposes in the Indenture;

(c) not enter into any Hedge relating to bonds issued under, or secured by revenues or other assets pledged under, the Indenture without the prior written consent of the GSEs;

(d) not permit any swap termination fees to be payable on a basis senior to or on a parity with the Program Bonds;

(e) comply with the provisions of Section 2.7(ii) hereof; and

(f) not permit the Indenture to fail to meet the definition of a “Primarily Single Family Indenture.”

### **Section 5.3. Reporting Requirements.**

(a) ***Books and Records; GAAP.*** The Issuer shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Issuer in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) ***Information Reporting.*** The Issuer agrees to furnish to the GSEs a copy of each of the following for each period after and including the third calendar quarter of 2010:

(i) ***Periodic Reports and Related Certifications:***

(A) **Issuer Financial Statements.**

(1) ***Annual Issuer Financial Statements with Audit.*** On the earlier of (i) 180 days after the end of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations, a statement of cash flows of the Issuer for such period and a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by an audit report of the Issuer’s auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied.

(2) ***Interim Issuer Financial Statements.***

(a) For any quarter, semi-annual period or other interim portion of a fiscal year for which the Issuer produces a full or partial financial statement (such as a balance sheet or income statement), or a financial report that is materially similar to a full or partial financial statement (“Interim Financial Statement”), a copy of that Interim Financial Statement. This paragraph (2) is intended to apply to such time or times when the Issuer produces such information generally in the form of a financial statement, whether it does so now or at any time or times in the future. This paragraph (2) does not require the presentation of such information in a particular form, or require the Interim Financial Statements to include particular items or to be audited or to conform to any set of financial accounting rules. Interim Financial Statements shall be due not later than 30 days after they are prepared.

(b) If the Issuer does not prepare an Interim Financial Statement for a quarter, semi-annual period or other interim portion of a fiscal year, it shall provide the certification to that effect required by subsection (B)(3) below on a quarterly basis.

(c) If the Issuer prepares one or more reports of financial information regarding itself quarterly, semi-annually or for some other interim portion of its fiscal year (“Interim Report”), but does not believe that the Interim Report constitutes an Interim Financial Statement or that the Issuer may not legally provide a copy of the Interim Report to the GSEs, the Issuer shall promptly and candidly discuss the related issues with the GSEs. The GSEs agree to conduct such discussion and to consider the Issuer’s concerns and limitations in a fair and reasonable manner. The Issuer and the GSEs agree to reach a mutual agreement regarding the provision of Interim Reports to the GSEs in a fair and reasonable manner which balances the interests and concerns of the parties.

**(B) Additional Items to Accompany Financial Statements.**

Simultaneously with the delivery of each set of the financial statements referred to in subsection (A) above (or should Subsection (A)(2)(b) above apply, within 30 days of the close of each of its financial quarters, a certificate of the Issuer in the form of Exhibit D:

(1) stating that the Issuer is in material compliance with all covenants set forth in the Indenture;

(2) stating whether there exists on the date of such certificate any default or Event of Default under any of the Related Documents and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto; and

(3) if subsection (A)(2)(b) above applies, stating that the Issuer does not prepare an Interim Financial Statement for such quarter, or for a semi-annual period or other interim portion of its fiscal year containing such quarter.

**(C) Indenture Financial Statements.**

(1) Annual Indenture Financial Statements with Audit. On the earlier of (i) 180 days after the end of each fiscal year of the Issuer and (ii) the day such information is first made available to the general public, the financial statements of the Issuer specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a balance sheet, a statement of operations and a statement of the changes in net assets under the Indenture for such period. The financial statements shall be:

(a) set forth in reasonable detail and

(b) incorporated as supplemental schedules to the Issuer’s annual financial statements with a report from the Issuer’s auditor or nationally recognized independent certified public accountants stating that such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and in

their opinion (except as noted therein) are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

(D) **Quarterly Trial Balance of Funds and Accounts.** Not later than 90 days after the end of each quarter of each fiscal year of the Issuer or the Indenture, a report:

(1) specific to the Indenture pursuant to which Program Bonds are outstanding, setting forth amounts held in each of the funds and accounts under the Indenture and providing reasonable detail as to how the monies are invested; and

(2) which is either prepared by the Trustee (such as a trustee payment date report or trustee statement) or certified as true and correct by the Issuer.

(E) **Portfolio Performance Data.**

(1) Not later than 15 days after the end of each calendar month, the relevant loan portfolio performance data specified in the attached Exhibit E under the heading “Monthly Single Family Indenture Reporting Requirements,” for all single family loans held within the trust estate of the Indenture; and

(2) Not later than 15 days after the end of each calendar quarter or immediately if 5% or more of the outstanding mortgage loan balance has payment defaults (and thereafter on a monthly basis), the relevant loan portfolio performance data specified in the attached Exhibit F under the headings “Policy Outcome Metrics – Single Family NIBP” for loans acquired, refinanced or originated, as the case may be, with the proceeds of Program Bonds.

(ii) *Certifications:*

(A) **Cash Flow Certificates.** Not later than 30 days after issuance, a copy of each cash flow certificate issued by the Issuer pursuant to the Indenture pursuant to which Program Bonds are outstanding.

(B) **Withdrawal Certificates under Section 5.1(f)(i) Hereof.** Prior to and as a condition to any withdrawal pursuant to Section 5.1(f)(i), the written certification required by Section 5.1(f)(i)(B) hereof in the form as Exhibit G.

(C) **Withdrawal Certificates under Section 5.1(f)(ii) Hereof.** Prior to and as a condition to any withdrawal pursuant to Section 5.1(f)(ii), the written certification required by Section 5.1(f)(ii)(C) hereof in the form as Exhibit G.

(iii) *Other Information:*

(A) **Rating Agency Presentations.** Not later than 30 days after submission, copies of all material, written materials presented by the Issuer to a Rating Agency with respect to (i) any bonds issued under the Indenture or (ii) a

rating of the Issuer (rather than a rating of any bonds issued under an indenture of the Issuer).

(B) **Rating Agency Actions.** Not later than 30 days after receipt by the Issuer, copies of each rating letter, report or other rating action relative to the Issuer, the Program Bonds or any other bonds issued under the Indenture received from a Rating Agency.

(C) **Housing Goals Data.** In a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance Agency's housing goals regulations or for use in complying with any other regulatory or legal requirement.

(D) **Official Statements and Other Offering Documents.** Not later than 30 days after issuance, each Official Statement, Remarketing Circular, Offering Circular or other similar disclosure document issued by the Issuer with respect to bonds or other debt issued and payable from the Revenues under the Indenture pursuant to which Program Bonds are outstanding.

(E) **Information Statements and Similar Secondary Market Disclosures.** Not later than 90 days after the end of each quarter of each fiscal year of the Issuer, any information statement or other similar disclosures describing the financial condition or performance of the Issuer prepared by the Issuer and released to the general public during such quarter.

(F) **Additional Information.** In a timely manner, at the reasonable request of a GSE, such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer, the Indenture or the Program Bonds (including, without limitation, loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement)..

(c) **Events.**

(i) **Event Filings:** On the day such information is first made available to the general public or would have been made available to the general public if a continuing disclosure agreement with respect to the Program Bonds had been entered into pursuant to Rule 15c2-12 ("Continuing Disclosure Agreement"), the Issuer agrees to furnish to the GSEs a copy of each "Event Filing" (as that term is defined below) which was or would have been filed pursuant to the Continuing Disclosure Agreement. As used in this Section, the term "Event Filing" means the event notices which would be required to be provided pursuant to a Continuing Disclosure Agreement conforming to the requirements of Rule 15c2-12, as such Rule is amended, restated or replaced by the Securities and Exchange Commission from time to time.

(ii) *Notices of Other Events.* If and to the extent that any of the following are not addressed in an Event Filing provided pursuant to Subsection (i) (and without regard to whether any such event is material for purposes of Rule 15c2-12), the Issuer agrees to promptly inform each GSE in writing if:

(A) **Default.** An Event of Default or other event which upon the giving of notice, the lapse of time or both, would be an Event of Default under any Related Document, has occurred specifying the details thereof and the action which the Issuer is taking or proposes to take with respect to such event.

(B) **Hedge Collateral.** A material increase occurs in the collateralization requirements applicable to the Issuer under any of the documents evidencing a Hedge.

(C) **Termination Payment under Hedge.** The Issuer receives any demand for or pays a termination payment under a Hedge.

(D) **Certain Resignations and Removals.** The Issuer receives any notice of resignation issued by the Trustee for an issue of Program Bonds or gives any notice of removal of such Trustee.

(E) **Performance Failure.** The Trustee fails to perform its duties and obligations under any relevant Related Documents.

(F) **Adverse Developments.** Any litigation, administrative or other proceeding, legislation, business, or other development occurs which has or may have a material and adverse affect on the business of the Issuer, the collateral securing the Program Bonds, including downgrade, withdrawal or suspension of ratings on mortgage insurers, or the ability of the Issuer to perform its duties and obligations under the Related Documents.

(G) **Downgrades and Negative Outlook.** A Rating Agency downgrades the Issuer, the Program Bonds or any other bonds issued under the Indenture or places any such rating on negative outlook.

(H) **Counterparties.**

(1) The Issuer receives notice to the effect that (A) a material change has occurred to a counterparty then providing a financial service to the Indenture or to the Issuer with respect to the Indenture (including, but not limited to, each Person providing a guaranteed investment contract, credit facility, liquidity facility, interest rate swap or interest rate cap) (each a “Counterparty”), (B) a material change in exposure to a Counterparty has occurred, (C) a ratings downgrade, withdrawal of rating or suspension of rating has occurred to or with respect to a Counterparty or (D) an event of default or other event which upon the giving of notice, the lapse of time or both, would be an event of default under any Hedge, has occurred; the Issuer shall provide details on the actions it is taking or proposes to take with respect to any such change, rating action or event; or

(2) the Issuer determines that any of the events enumerated in (1) has occurred to a Counterparty.

(I) **Supplements and Amendments to Indenture.** The adoption of any amendment or supplement to the Indenture, any of the other Related Documents (including any replacement or new Related Document) and the Official Statement relative to the Program Bonds. The Issuer shall also provide a complete copy of each such amendment, supplement, replacement or new Related Document to each GSE.

(J) **Unscheduled Draws.** Any unscheduled draw is made on a debt service reserve or credit enhancement for any of the bonds issued under the Indenture.

(K) **Defeasance.** Any bond issued under the Indenture is defeased.

(L) **Property Securing Repayment of Program Bonds.** Any material property or other asset securing repayment of any of the Program Bonds is released, substituted or sold.

(d) **Placement Agreement Reporting Requirements.** The reporting requirements set forth in Exhibit E and Exhibit E-1 of the Placement Agreement are hereby superseded by the reporting requirements set forth in this Section 5.3.

(e) **Method of Providing Information, Certificates and Notices.** All information, certificates and notices required to be given pursuant to this Section 5.3 shall be provided electronically to the GSEs by sending such information, certificates and notices to HFAReporting@SSgA.com or in such other form and to such other address as the GSEs may require from time to time.

**Section 5.4. Covenant Enforcement by GSEs.** Only the GSEs may enforce, or cause the Trustee to enforce, the provisions of Sections 5.1, 5.2 and 5.3 hereof.

#### **Section 5.5. Special Notices.**

(a) **Request to Withdraw Indenture Funds.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any request by the Issuer to withdraw funds from the Indenture.

(b) **Events of Default.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any default or Event of Default under the Indenture, of which the Trustee has knowledge.

(c) **Exercise of Remedies.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of the exercise of any remedies under the Indenture.

## **ARTICLE VI**

### **MISCELLANEOUS**

**Section 6.1. Notices.** Unless otherwise specified in this Appendix A, all notices, requests or other communications to or upon the Notice Parties or referred to in this Appendix A shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or four (4) days after the same is deposited in the mails, first class postage prepaid, and (ii) in the

case of notice by telecopier or e-mail, when sent, receipt confirmed, addressed to the Notice Parties as follows or at such other address as any of the Notice Parties may designate by written notice to the Issuer and the Trustee:

To Administrator: U.S. Bank National Association  
One Federal Street, 3<sup>rd</sup> Floor  
Boston, Massachusetts 02110  
Attention: Structured Finance/HFA Program  
E-mail: usbhfa@usbank.com

To Fannie Mae: Fannie Mae  
3900 Wisconsin Avenue, N.W.  
Washington, D.C. 20016  
Attention: Jessica Wright  
Project Analyst  
Customer Engagement, HFA Team  
E-mail: Jessica\_Wright@fanniemae.com

and

Attention: Barbara Ann Frouman  
Vice President and Deputy General  
Counsel, Housing and Community  
Development  
E-mail: Barbara\_Ann\_Frouman@fanniemae.com

For all notices pursuant to Section 5.3 hereof:

E-mail: HFAReporting@SSgA.com

For all notices pursuant to Section 2.3 hereof:

E-mail: hfa\_escrow\_release@fanniemae.com  
Re: HFA Initiative – NIBP – Escrow Release

To Freddie Mac: Freddie Mac  
1551 Park Run Drive  
Mail Stop D4F  
McLean, Virginia 22102  
Attention: Mark D. Hanson  
Vice President Mortgage Funding  
E-mail: Mark\_Hanson@freddiemac.com

and

Attention: Joshua L. Schonfeld  
Associate General Counsel  
E-mail: Joshua\_Schonfeld@freddiemac.com

For all notices pursuant to Section 5.3 hereof:

E-mail: HFAReporting@SSgA.com

To Treasury's  
Financial Agent:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York 10005  
Attention: Jacqueline M. Savage  
Phone - 212-552-2392  
Fax - 212-552-0551  
E-mail: jpm.hfa@jpmorgan.com

For all notices pursuant to Section 5.3(c)(i) and (ii)(A), (E), (G)  
and (J), and 5.5(b) and (c) hereof:

Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220  
Attention: Fiscal Assistant Secretary  
re: Housing Finance Agencies Initiative

and

Attention: Assistant General Counsel  
(Banking and Finance)  
re: Housing Finance Agencies Initiative

**Section 6.2. Appendix to Control.** To the extent that any provisions of this Appendix A are inconsistent with any provisions of the Indenture or the Series Indenture under which the Program Bonds are issued, this Appendix A shall control with respect to the Program Bonds.

**Section 6.3. Termination.** This Appendix A shall continue in full force and effect so long as the Program Bonds remain Outstanding and shall terminate when Program Bonds are no longer Outstanding.

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## EXHIBIT A

### NOTIFICATION OF INTEREST RATE CONVERSION

Reference is made to the [Indenture], dated as of \_\_\_\_\_, \_\_\_\_\_, of \_\_\_\_\_ (the "Issuer"), as subsequently amended and modified, in particular by the [Appendix] to [Indenture] (the "Appendix"), dated as of [December] \_\_, 2009 (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, \_\_\_\_\_, an authorized officer of the Issuer, in connection with Program Bonds to be Converted to a Permanent Rate pursuant to Section 2.3 of the [Appendix], hereby notify the Trustee, the Notice Parties and the Rating Agencies as follows:

- (i) the proposed Release Date (which is a date not more than 60 days after the date hereof and is not an unavailable date per the calendar attached hereto) is \_\_\_\_\_, [2011][2012],
- (ii) the proposed Conversion Date is \_\_\_\_\_, [2011][2012][2013],
- (iii) the principal amount of Program Bonds to be Converted to a Permanent Rate on the proposed Conversion Date set forth in clause (ii) above is \$ \_\_\_\_\_,
- (iv) [including the amount referenced in clause (iii) above, \_\_\_% of the net proceeds of the Program Bonds are being used to refund outstanding variable rate debt of the Issuer[, \_\_\_% of which is supported by a Temporary Credit and Liquidity Facility],]
- (v) [including the amount referenced in clause (iii) above, the aggregate amount of net proceeds of the Program Bonds being used to refund outstanding variable rate debt of the Issuer is \_\_\_%[, \_\_\_% of which is supported by a Temporary Credit and Liquidity Facility],]
- (vi) if the proposed Release Date is before January 1, 2012, the [2010] Rate Lock Date selected by the Issuer was \_\_\_\_\_, [2010] [if none, indicate N/A] and, if the proposed Release Date is on or after January 1, 2012, the 2011 Determination Date is \_\_\_\_\_ and the 2012 Determination Date is \_\_\_\_\_,
- (vii) the proposed Permanent Rate Calculation Date is \_\_\_\_\_, [2011][2012],
- (viii) the proposed calculation date for the Short-Term Rate effective on the Release Date is \_\_\_\_\_, [2011][2012] [Designate the 2nd Business Day prior to the Release Date],

- (ix) on the Release Date, it is anticipated that the Bond Rating will be a “\_\_”/”\_\_,”
- (x) the Issuer hereby covenants to deliver to the Trustee on or before the Release Date the opinion of bond counsel described in Section 2.3(b)(ii)(E) of the Appendix,
- (xi) the CUSIP number of the Program Bonds currently in escrow is: \_\_\_\_\_,  
[and]
- (xii) the Special Permanent Rate Advisor is instructed to copy the following with any communication relating to the Spread, the Permanent and Short-Term Rates:  
  
[GSE EMAILS], [GSE Special Closing Counsel E-mail] [, and].
- [(xiii) this is an amended and supplemented Notification of Interest Rate Conversion and amends and supplements, in pertinent part, that certain Notification of Interest Rate Conversion dated \_\_\_\_\_ \_\_, [2011][2012] (the “Original Notice”). The Release Date specified herein is on or before the Release Date specified in the Original Notice, and is not earlier than the first Business Day at least 8 days after the date hereof[.][; and]]
- [(xiv) the Program Bonds are being used to refund outstanding variable rate demand obligations of the Issuer, and the mortgage loan security being transferred to secure the Program Bonds is described in an exhibit hereto.]

IN WITNESS WHEREOF, I have set forth my hand this \_\_\_\_\_ day of \_\_\_\_\_,  
[2011][2012].

[ISSUER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<b>2011 Holiday Calendar January—December</b>	
New Year's Day	None
Martin Luther King Day	Monday, January 17
President's Day	Monday, February 21
Good Friday	Friday, April 22
Memorial Day	Friday, May 27
Memorial Day	Monday, May 30
U.S. Independence Day	Friday, July 1
U.S. Independence Day	Monday, July 4
Labor Day	Friday, September 2
Labor Day	Monday, September 5
Columbus Day	Monday, October 10
Veterans Day	Friday, November 11
Day before Thanksgiving	Wednesday, November 23
Thanksgiving Day	Thursday, November 24
Day after Thanksgiving	Friday, November 25
Multifamily Closed Period	Monday, December 19— Friday, December 30
Christmas Day	Friday, December 23
Christmas Day	Monday, December 26 (observed)
Single Family Closed Period	Tuesday, December 27— Friday, December 30

<b>2012 Holiday Calendar January—December</b>	
New Year's Day	Monday, January 2
Martin Luther King Day	Monday, January 16
President's Day	Monday, February 20
Good Friday	Friday, April 6
Memorial Day	Friday, May 25
Memorial Day	Monday, May 28 (observed)
Day before U.S. Independence Day	Tuesday, July 3
U.S. Independence Day	Wednesday, July 4
Labor Day	Friday, August 31
Labor Day	Monday, September 3 (observed)
Columbus Day	Monday, October 8
Veterans Day	Friday, November 12
Day before Thanksgiving	Wednesday, November 21
Thanksgiving Day	Thursday, November 22
Day after Thanksgiving	Friday, November 23
Day before Christmas Day	Monday, December 24
Christmas Day	Tuesday, December 25
Single Family Closed Period	Monday, December 24— Monday, December 31

**EXHIBIT B**

**MARKET BOND RATIO REQUIREMENT/  
PROGRAM BOND COMPLIANCE CERTIFICATE**

Reference is made to the [Indenture], dated as of \_\_\_\_\_, \_\_\_\_\_, of \_\_\_\_\_ (the "Issuer"), as subsequently amended and modified, in particular by the [Appendix] to [Indenture] (the "Appendix"), dated as of December \_\_, 2009 (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, \_\_\_\_\_, an authorized officer of the Issuer, in connection with the issuance of certain Market Bonds and/or the release of Program Bonds, hereby certify and direct as follows:

- (i) the contemplated Release Date is \_\_\_\_\_,
- (ii) \$\_\_\_\_\_ principal amount of Market Bonds are to be issued on \_\_\_\_\_, [2011][2012], net proceeds of which will be deposited with the Trustee on [date] in the amount of \$\_\_\_\_\_ (if Market Bonds are being issued, attached hereto are the bond purchase agreement and Official Statement relative to such Market Bonds),
- (iii) the above-referenced Market Bonds have the maturity dates, interest rates and principal amounts set forth in the attached Official Statement,
- (iv) the release amount pursuant to the Market Bond Ratio Requirement is \$\_\_\_\_\_ [Insert "N/A" for Release Dates on or after January 1, 2012],
- (v) the principal amount of the Program Bonds to be Converted is \$\_\_\_\_\_,
- (vi) the Release Date for the Program Bonds is \_\_\_\_\_,
- (vii) including this Release Date, the Issuer has not established more than nine (9) Release Dates (exclusive of Release Dates not subject to the nine (9) Release Date limit),
- (viii) the Conversion Date for the Program Bonds is \_\_\_\_\_,
- (ix) the principal amount of the remaining Pre-Conversion Bonds is \_\_\_\_\_, and
- (x) the released Escrowed Proceeds shall be transferred to the \_\_\_\_\_ [insert name of applicable fund or account].

IN WITNESS WHEREOF, I have herewith set forth my hand to this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, [2011][2012].

[ISSUER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT C**  
**INTEREST RATE**  
**CONVERSION CERTIFICATE**

Reference is made to the [Indenture], dated as of \_\_\_\_\_, \_\_\_\_\_, of \_\_\_\_\_ (the "Issuer"), as subsequently amended and modified, in particular by the [Appendix] to [Indenture] (the "Appendix"), dated as of December \_\_, 2009 (collectively, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, \_\_\_\_\_, an authorized officer of \_\_\_\_\_ (the "Trustee"), in connection with Program Bonds Converted to a Permanent Rate pursuant to Section 2.3 of the [Appendix], hereby confirm as follows:

- (i) attached are the items required to be delivered pursuant to Section 2.3 of the [Appendix],
- (ii) the Short-Term Rate applicable from the Release Date to the Conversion Date, will be the total of (a) the Four Week T-Bill Rate (\_\_\_\_%) plus (b) the Spread applicable to the referenced Program Bonds as of the Release Date (\_\_\_\_%), will be \_\_\_\_%;
- (iii) the Permanent Rate with respect to the referenced Program Bonds will be \_\_% as of the specified Conversion Date of \_\_\_\_\_, [2011][2012][2013],
- (iv) the CUSIP number for the referenced Program Bonds is \_\_\_\_\_, and
- (v) related Program Bond proceeds will be released on the specified Release Date of \_\_\_\_\_, [2011][2012].

IN WITNESS WHEREOF, I have herewith set forth my hand this \_\_\_\_\_ day of \_\_\_\_\_, [2011][2012].

[TRUSTEE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**FINANCIAL STATEMENT CERTIFICATE**

Reference is made to the Appendix to [Indenture], dated as of December \_\_, 2009 of \_\_\_\_\_ (the "Issuer"), as amended (the "Indenture Appendix"), as it subsequently amended and modified the [Indenture] dated as of \_\_\_\_\_, \_\_\_\_ of the Issuer (together with the Indenture Appendix, the "Indenture"). All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture.

I, \_\_\_\_\_, an authorized officer of the Issuer, in connection with the delivery of those certain financial statements described in Section 5.3(b) of the Indenture Appendix, hereby certify as follows with respect to the close of [the fiscal year of the Issuer ending [Date]] [the fiscal quarter of the Issuer ending [Date]]:

- (i) the Issuer is in material compliance with all Issuer covenants set forth in the [Indenture];
- (ii) [there exists as of the date hereof no default or Event of Default under any Related Document] [there exists the following defaults or Events of Default under the Related Documents, as detailed below, and the Issuer is taking the actions indicated with respect thereto]:
- [(iii) the Issuer did not prepare an Interim Financial Statement for this fiscal quarter, or for a semi-annual period or other interim portion of its fiscal year containing such quarter. [for Statewide HFAs]]
- [(iii) the Issuer did not prepare an Interim Financial Statement for any quarter, semi-annual period or other portion of its fiscal year. [for Local HFAs]]

IN WITNESS WHEREOF, I have herewith set forth my hand to this Certificate this \_\_\_\_\_ day of \_\_\_\_\_, [2011][2012].

[ISSUER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**  
**MONTHLY SINGLE FAMILY**  
**INDENTURE REPORTING REQUIREMENTS**

HFA Name  
Indenture Name  
Month End Date  
Mortgage Loan Unpaid Balance (UPB)  
MBS UPB  
Number of loans  
Delinquent 30-59 Days (%)  
Delinquent 60-89 Days (%)  
Delinquent 90-119 Days (%)  
Delinquent 120+ Days (%)  
Bankruptcy (%)  
Foreclosures (%)  
REO (%)  
Cumulative Loss  
1 Month SIFMA  
Combined Original LTV  
30-Year Fixed (Level Amortizing) %  
% Second Lien  
2003 and prior Vintage %  
2004 Vintage %  
2005 Vintage %  
2006 Vintage %  
2007 Vintage %  
2008 Vintage %  
2009 Vintage %  
2010 Vintage %  
2011 Vintage %  
2012 Vintage %  
FHA/VA %  
RD %  
MGIC %  
PMI %  
Other MI %  
Servicer(s)<sup>1</sup>

<sup>1</sup>Please add rows to include multiple Servicers

General Notes:

1. Issuer may be required to gather information from servicer
2. Upon downgrade, withdrawal or suspension of the rating on the Issuer, the Program Bonds or any other bonds issued under the [Indenture], more detailed information may be requested. This could include loan level data tapes and on-site access to the Issuer and its senior management
3. All “%s” refer to principal dollar amounts
4. If N/A, please leave blank
5. Vintage year refers to loans originated between January 1st and December 31st of that year

This Information Collection has been approved by the Office of Management and Budget and has been assigned the control number 1505-0224.

## EXHIBIT F

### POLICY OUTCOME METRIC—SINGLE FAMILY NIBP (for loans acquired, originated or refinanced with Program Bond proceeds)

Reporting Frequency: Quarterly<sup>1</sup>  
Please complete below information as applicable to loans issued since Program inception

#### Quarter End Date

Total Number of Mortgage Loans

Average Loan Amount

Range of Interest Rates (%) excluding Down Payment Assistance (DPA):	Number of Mortgage Loans	Total Original Principal Balance
3.50-3.75		
3.76-4.00		
4.01-4.25		
4.26-4.50		
4.51-4.75		
4.76-5.00		
5.01-5.25		
5.26-5.50		
5.51-5.75		
5.76-6.00		
6.01-6.25		
6.26-6.50		
Other		

#### Weighted Average Interest Rate

Down Payment Assistance (%)	Number of Mortgage Loans	Total Original Principal Balance
0-5.0		
5.1-10.0		
10.1-15.0		
Other		

#### Weighted Average DPA

Range of Interest Rates (%) including Down Payment Assistance (DPA):	Number of Mortgage Loans	Total Original Principal Balance
4.51-4.75		
4.76-5.00		
5.01-5.25		
5.26-5.50		
5.51-5.75		
5.76-6.00		
6.01-6.25		
6.26-6.50		
Other		

#### Weighted Average Interest Rate

<b>Principal Balances (\$)</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
1-25,000		
25,001-50,000		
50,001-75,000		
75,001-100,000		
100,001-125,000		
125,001-150,000		
150,001-175,000		
175,001-200,000		
200,001-225,000		
225,001-250,000		
250,001-275,000		
275,001-300,000		
300,001-325,000		
325,001-350,000		
350,001-375,000		
375,001-400,000		
400,001-425,000		
425,001-450,000		
450,001-475,000		
475,001-500,000		
500,001-600,000		
600,001-700,000		
700,001-800,000		
800,001-1,000,000		
Other		

**Weighted Average Principal Balance**

<b>Combined Original LTV Ratios (%)</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
0-20		
21-25		
26-30		
31-35		
36-40		
41-45		
46-50		
51-55		
56-60		
61-65		
66-70		
71-75		
76-80		
81-85		
86-90		
91-95		
96-100		
101-105		
106-110		

**Weighted Average LTV**

<b>Loan Purpose</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
Purchase		
Refinance – Rate Term		
Other		

<b>Original Credit Score</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
500-525		
526-550		
551-575		
576-600		
601-625		
626-650		
651-675		
676-700		
701-725		
726-750		
751-775		
776-800		
801+		

**Weighted Average Credit Score**

<b>Mortgage Insurance Provider</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
FHA		
VA		
Rural		
State		
Private		
Other		

<b>Housing Type</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
Single Family		
Town House		
2-4 Family House		
Condominium		
Other		

<b>Original Debt/Income (DTI) (%)</b>	<b>Number of Mortgage Loans</b>	<b>Total Original Principal Balance</b>
25-30		
31-35		
36-40		
41-45		
46-50		
51-55		
56-60		
61-65		
Other		

**Weighted Average DTI**

<sup>1</sup>**Please Note:** Final report date shall be 90 days after all funds have been used

This Information Collection has been approved by the Office of Management and Budget and has been assigned the control number 1505-0224.

**EXHIBIT G**

**WITHDRAWAL CERTIFICATION  
(for New Issue Bond Program—Single Family)**

To: U.S. Bank National Association  
JPMorgan Chase Bank, N.A.  
United States Department of the Treasury

cc: Fannie Mae  
Freddie Mac

Pursuant to the Appendix to [Indenture], [adopted by \_\_\_\_\_ [Name of Issuer] (the “Issuer”) on \_\_\_\_\_, 2009] [by and between \_\_\_\_\_ [Name of Issuer] (the “Issuer”) and \_\_\_\_\_ [Name of Trustee], dated as of \_\_\_\_\_, 2009], as amended (collectively, the “Indenture Appendix”), I hereby certify as follows:

**Ordinary and Customary Expense/Program  
Funding Cash Withdrawals**

- the withdrawal of \$\_\_\_\_\_ is pursuant to [Section 5.1(e)(i)][Section 5.1(f)(i)] of the Indenture Appendix (please check the appropriate box below):
- the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as limited pursuant to [Section 5.1(e)(i)(A)(1)][Section 5.1(f)(i)(A)(1)] of the Indenture Appendix.

**OR**

- attached as Attachment A hereto is the confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings.

No withdrawals may be made during any period when any of the ratings on the Program Bonds is below the level of “Baa3” or “BBB-,” or has been suspended or withdrawn.

- the purpose of this withdrawal is to pay ordinary and customary administrative and operating expenses of the Issuer, ordinary and customary operating expenses of any of the [indentures] of the Issuer (such as, for example, fees and payments due on an interest rate swap entered into by the Issuer) and to fund or reimburse the cost of programs sponsored by the Issuer, as set forth in Attachment B attached hereto.
- all requirements of [Section 5.1(e)(i)][Section 5.1(f)(i)] of the Indenture Appendix have been met with respect to such withdrawal.

**Other Cash/Non-Cash Withdrawals**

- The withdrawal of \$\_\_\_\_\_ [\_\_\_\_\_ [specify other assets to be withdrawn]] is pursuant to [Section 5.1(e)(ii)][Section 5.1(f)(ii)] of the Indenture Appendix:
  - attached as Attachment A hereto is the confirmation from each of the rating agencies maintaining ratings on the Program Bonds that (i) the rating on the Program Bonds will be not less than “\_\_\_\_”/”\_\_\_\_” [specify exact rating of the Program Bonds as of the withdrawal date] and (ii) the rating outlook is either “stable” or “positive,” or the equivalent.
  - the foregoing cash or other assets withdrawn are retained by the Issuer within its funds or accounts or expended to further the mission or otherwise for the benefit of the Issuer.
  - the purposes of this withdrawal is as set forth in Attachment B attached hereto.
  - all requirements of [Section 5.1(e)(ii)][Section 5.1(f)(ii)] of the Indenture Appendix have been met with respect to such withdrawal.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed thereto in the Indenture Appendix.

IN WITNESS WHEREOF, I have herewith set forth my hand this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[ISSUER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT A**  
**RATING CONFIRMATION LETTER(S)**

**ATTACHMENT B**  
**WITHDRAWAL DETAILS**

	<b>Amount</b>	<b>Vendor</b>	<b>Purposes</b>
1.	\$		
2.	\$		
3.	\$		
4.	\$		
5.	\$		
6.	\$		
7.	\$		
8.	\$		
9.	\$		
10.	\$		

## EXHIBIT H

### REDEMPTION NOTICE TO NOTICE PARTIES

To Administrator: U.S. Bank National Association  
One Federal Street, 3rd Floor  
Boston, Massachusetts 02110  
Attention: Structured Finance/HFA Program  
E-mail: usbhfa@usbank.com

To Fannie Mae: Fannie Mae  
3900 Wisconsin Avenue, N.W.  
Washington, D.C. 20016  
Attention: Jessica Wright  
Project Analyst  
Customer Engagement, HFA Team  
E-mail: Jessica\_Wright@fanniemae.com  
and  
Attention: Barbara Ann Frouman  
Vice President and Deputy General  
Counsel, Housing and Community  
Development  
E-mail: Barbara\_Ann\_Frouman@fanniemae.com

To Freddie Mac: Freddie Mac  
1551 Park Run Drive  
Mail Stop D4F  
McLean, Virginia 22102  
Attention: Mark D. Hanson  
Vice President Mortgage Funding  
E-mail: Mark\_Hanson@freddiemac.com  
and  
Attention: Joshua L. Schonfeld  
Associate General Counsel  
E-mail: Joshua\_Schonfeld@freddiemac.com

To Treasury's  
Financial Agent: JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York 10005  
Attention: Jacqueline M. Savage  
E-mail: jpm.hfa@jpmorgan.com

Pursuant to the [Indenture, dated as of \_\_\_\_\_, \_\_\_\_\_, of \_\_\_\_\_ (the "Issuer"), as subsequently amended and modified, in particular by the [Appendix] to [Indenture] (the "Appendix"), dated as of December \_\_, 2009 (collectively, the "Indenture"), you are advised that the Program Bonds (as defined in the Indenture) are being redeemed on [Date] as provided in the notice of redemption attached hereto.

[TRUSTEE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**CALIFORNIA HOUSING FINANCE AGENCY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

**EXHIBIT B**

Dated as of January 1, 2012

to

**CALIFORNIA HOUSING FINANCE AGENCY  
RESIDENTIAL MORTGAGE REVENUE BONDS  
GENERAL INDENTURE**

Dated as of December 1, 2009  
and  
Restated as of December 1, 2010

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## ARTICLE I

### DETERMINATIONS AND DEFINITIONS

Section 101. *Representations; Exhibit B to Constitute Contract.*

(a) The California Housing Finance Agency (herein called the "Agency") hereby represents and warrants that

(i) the Agency has been created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (constituting Division 31 of the Health and Safety Code of the State of California), as amended (herein called the "Act"), primarily for the purpose of assisting in meeting the housing needs of persons and families of low or moderate income;

(ii) the Agency has determined to borrow money for its lawful purposes and to that end has duly authorized the issuance of its bonds hereunder (herein called the "Bonds"), and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, and the observance of the covenants and conditions herein contained, has authorized the delivery of this Exhibit B;

(iii) said Bonds are to be issued hereunder, from time to time, in an aggregate principal amount not limited except as hereinafter provided;

(iv) all acts and proceedings required by law and by the Act, including all actions requisite on the part of the Agency, its Board of Directors, its members and its officers necessary to make the Bonds, when executed by the Agency, authenticated and delivered by or on behalf of the Trustee and duly issued, the valid, binding and legal obligations of the Agency, and to constitute this Exhibit B a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Exhibit B have been in all respects duly authorized; and

(v) the Bonds and the forms of the certificate of authentication and registration and the assignment to appear thereon, shall be prescribed in indentures supplemental hereto.

(b) In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall own the same from time to time, this Exhibit B shall be deemed to be and shall constitute a contract among the Agency and the owners of the Bonds. The pledges made in this Exhibit B and the covenants and agreements herein set forth to be performed by the Agency shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, without regard to the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds

over any other thereof, except as expressly provided in or permitted by this Exhibit B or by a Series Indenture.

Section 102. *Special Obligation; Pledge of this Exhibit B.* The Bonds are special obligations of the Agency payable solely from and secured by the Pledged Property under this Exhibit B. The Agency has no taxing power. The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision of the State, other than the Agency, or a pledge of the faith and credit of the State, but shall be payable solely from the Pledged Property. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

For the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, executed, delivered and accepted by the owners of the Bonds, and in order to secure the payment of all the Bonds at any time issued and Outstanding hereunder and the interest thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants, agreements and conditions therein and herein contained, the Agency has executed this Exhibit B, has pledged, conveyed and assigned, and does hereby pledge, convey and assign the Pledged Property (i) as security for the payment of the principal of the Bonds and the interest and redemption premium, if any, thereon, (ii) as security for the fulfillment of the obligations of the Agency hereunder, (iii) for the equal and proportionate security, from time to time, of the owners of the Bonds, and (iv) for the equal and proportionate benefit, from time to time, of the owners of the Bonds, all without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, or as provided in an applicable Series Indenture, of any one Bond over any other Bond, by reason of priority in the issue, effective date, sale or negotiation thereof or otherwise, all in accordance with the terms hereof.

TO HAVE AND TO HOLD all of the same, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns forever.

*Provided, however,* that if the Agency, its successors or assigns, shall pay, or cause to be paid, the principal of the Bonds, redemption premium, if any, and the interest due or to become due upon the Bonds at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire such amount due or to become due thereon (or such amount as provided in Section 1101), and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Exhibit B to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment, or such provision for payment in accordance with Section 1101, this Exhibit B and the rights hereby granted shall cease, terminate and be void; otherwise this Exhibit B is to be and remain in full force and effect.

Further the Agency has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds, as set forth in this Exhibit B.

Any Mortgage Loans, Mortgage-Backed Securities, property (including but not limited to Investment Obligations), earnings, revenues or other moneys pledged hereunder or under a Series Indenture by the Agency and which are received hereafter from time to time by the Agency (except that a Series Indenture may limit the time period of or the purpose of a pledge of a Fund or Account or any asset or property established in the same Series Indenture) shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, irrespective of whether such parties have notice thereof, and neither this Exhibit B nor any instruments by which a pledge is created need be recorded.

Section 103. *Definitions.* Unless the context otherwise requires, in this Exhibit B and any indenture supplemental hereto the following terms shall have the following meanings:

“*Accountant*” means an independent certified public accountant or firm of independent certified public accountants selected by the Agency, who may be the accountant or firm of accountants who regularly audit the books of the Agency.

“*Acquisition Fund*” means the Acquisition Fund consisting of Series Acquisition Accounts established pursuant to Section 401 of this Exhibit B and Series Indentures.

“*Act*” means the Zenovitch-Moscone-Chacon Housing and Home Finance Act, constituting Division 31 of the Health and Safety Code of the State of California, as heretofore and hereafter amended.

“*Additional Bonds*” means any additional Bonds issued pursuant to Section 209 or Section 210 of this Exhibit B.

“*Agency*” means the California Housing Finance Agency, a public instrumentality and a political subdivision of the State established under the Act or its successor.

“*Agency Request*” means a written request or direction of the Agency signed by an Authorized Officer.

“*Amortized Value*” means (i) for securities purchased at par, par; and (ii) for securities purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

“*Appreciated Amount*” shall mean with respect to a Deferred Interest Bond, (i) as of any date of computation with respect to any Deferred Interest Bond up to the date, *if any*, set forth in the Series Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable interest payment dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable interest payment date next preceding the date of computation or the date of computation if an applicable interest payment date, such increased amount to accrue at the rate per annum set forth in the Series Indenture authorizing such Deferred Interest Bonds, compounded on each applicable interest payment date, plus, if such date of computation shall not be an applicable interest payment date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable interest payment date (or the date of original issuance if the date of computation is prior to the first applicable interest payment date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable interest payment date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Series Indenture authorizing such Deferred Interest Bonds; and (ii) as of any date of computation on and after the date, if any, set forth in the Series Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable interest payment dates, the Appreciated Amount as of such current interest payment commencement date.

For the purposes of actions, requests, notifications, consents or directions of Bondowners under this Exhibit B, the calculation of the Appreciated Amount shall be as of the applicable interest payment dates preceding such date of calculation (*unless* such date of calculation shall be an applicable interest payment date, in which case, as of the date of calculation).

“*Authorized Officer*” means the Chairperson, Executive Director, a Deputy Director or the Director of Financing of the Agency, any person designated in writing by the Chairperson, the Executive Director, a Deputy Director or the Director of Financing as an Authorized Officer and any other authorized officer as from time to time may be designated by resolution or by-law to act hereunder on behalf of the Agency.

“*Authorized Officer’s Determination*” means the formal written action of an Authorized Officer, delivered to the Trustee and each of the Rating Agencies, reflecting modifications to this Exhibit B with respect to one or more Series of Bonds, as permitted or required by the express terms of this Exhibit B, the Series Indenture related to such Series, or a Supplemental Indenture.

“*Bond*” or “*Bonds*” means any Bond or all of the Bonds issued under and at any time Outstanding pursuant to this Exhibit B.

“*Bond Counsel’s Opinion*” means an opinion signed by any attorney or firm of attorneys of nationally recognized standing in the field of state and local debt issuance.

“*Bondowner*” or “*owner of Bonds*” means the registered owner of any registered Bond.

“*Bond Proceeds Fund*” means the Bond Proceeds Fund and accounts established therein pursuant to this Exhibit B and Series Indentures.

“*Bond Registrar*” means, collectively, such person(s), agency(s) or office(s) as determined by the Agency pursuant to Series Indentures or, if not otherwise designated in a Series Indenture, the Trustee, to act as bond registrar with respect to a Series pursuant to this Exhibit B.

“*Cash Flow Certificate*” means a certificate of the Agency signed by an Authorized Officer to the effect that the action proposed to be taken is consistent with the assumptions set forth in the Cash Flow Statement last filed with the Trustee.

“*Cash Flow Requirements*” means the requirements, if any, set forth in a Series Indenture or Supplemental Indenture, applicable to all or any of the Bonds.

“*Cash Flow Statement*” means a Cash Flow Statement conforming to the requirements of Section 607 of this Exhibit B.

“*Code*” means applicable provisions of the Internal Revenue Code of 1954, as amended, and the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“*Costs of Issuance*” means all items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale, issuance and remarketing of the Bonds, as certified by an Authorized Officer.

“*Costs of Issuance Fund*” means the Costs of Issuance Fund and accounts therein established pursuant to Section 401 of this Exhibit B and Series Indentures.

“*Debt Reserve Fund*” means the Debt Reserve Fund established pursuant to Section 401 of this Exhibit B.

“*Debt Reserve Requirement*” means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for all Series of Bonds Outstanding in the Series Indentures authorizing the issuance of such Bonds, or a lesser amount if each Rating Agency has confirmed that such lesser amount will not adversely affect the then-existing rating of the Bonds by such Rating Agency. The Trustee may rely upon a certificate from an Authorized Officer of the Agency which states the Debt Reserve Requirement as of the date of said certificate.

“*Debt Service Fund*” means the Debt Service Fund established pursuant to Section 401 of this Exhibit B.

“*Deferred Interest Bond*” means any Bond designated as such by the Series Indenture authorizing the issuance of such Bond.

“*Event of Default*” means any of the events of default described in Section 702 of this Exhibit B.

“*Exhibit B*” means this Exhibit B, as amended or supplemented by Supplemental Indentures and Series Indentures.

“*Expense Fund*” means the Expense Fund established pursuant to Section 401 of this Exhibit B.

“*Expenses*” means any moneys required by the Agency to pay the expenses of the Trustee and any expenses which the Agency may lawfully pay, *except* as limited with respect to any Series of Bonds by the applicable Series Indenture. Expenses deposited in any Fiscal Year to the credit of the Expense Fund shall not exceed the aggregate of all such amounts set forth for all Series of Bonds in the respective Series Indentures. The Trustee may rely upon a certificate from an Authorized Officer of the Agency which states the outstanding principal balance of Mortgage Loans and Mortgage-Backed Securities .

“*Fiscal Year*” means the year beginning on the first day of July and ending on the last day of June in the next succeeding year.

“*Fund*” or “*Account*” means a Fund or Account created by or pursuant to this Exhibit B or a Series Indenture.

“*General Fund*” means the General Fund established pursuant to Section 401 of this Exhibit B.

“*General Indenture*” means the Agency’s Residential Mortgage Revenue Bonds General Indenture, dated as of December 1, 2009, as amended, by and between the Agency and the Trustee.

“*Government Obligations*” means obligations of the United States of America (including obligations issued or held in book-entry form on the books of the U.S. Department of the Treasury) or obligations the principal of and interest on which are guaranteed by the United States of America.

“*Insurance Proceeds*” means payments received with respect to the Mortgage Loans, Underlying Mortgage Loans or Mortgage-Backed Securities under any insurance policy or guarantee or under any fidelity bond, to the extent not applied to the repair or restoration of any mortgaged premises.

“*Interest Account*” means the Interest Account established in the Debt Service Fund pursuant to Section 401 of this Exhibit B.

“*Investment Obligations*” means, to the extent authorized by law for investment of moneys of the Agency at the time of such investment,

(i) (A) Government Obligations, or (B) obligations rated in either of the two highest rating categories of each Rating Agency of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of Government Obligations;

(ii) (A) bonds, debentures or other obligations issued by Federal Home Loan Banks, Tennessee Valley Authority, Federal Farm Credit System Obligations, World Bank, International Bank for Reconstruction and Development and Inter-American Development Bank; or (B) bonds, debentures or other obligations issued by Fannie Mae and Federal Home Loan Mortgage Corporation (excluding mortgage securities which are valued greater than par on the portion of unpaid principal or mortgage securities which represent payments of principal only or interest only with respect to the underlying mortgage loans);

(iii) obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America, in each case rated in either of the two highest rating categories (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency;

(iv) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, “deposits” shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured by any of the obligations described in (i) above having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by the Agency and, in both (1) and (2), made with an institution whose unsecured debt securities are rated in either of the two highest rating categories and the highest short term rating category (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency;

(v) repurchase agreements backed by or related to obligations described in (i) or (ii) above with any institution whose unsecured debt securities are rated in either of the two highest rating categories (or the highest rating of

short-term obligations if the investment is a short-term obligation) by each Rating Agency;

(vi) investment agreements, secured or unsecured as required by the Agency, with any institution whose debt securities are rated in either of the two highest rating categories (or the highest rating of short-term obligations if the investment is a short-term obligation) by each Rating Agency;

(vii) direct and general obligations of or obligations unconditionally guaranteed by the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, and certificates of participation in obligations of the State which obligation may be subject to annual appropriations, which obligations are rated in either of the two highest rating categories by each Rating Agency;

(viii) direct and general obligations of or obligations unconditionally guaranteed by any state, municipality or political subdivision or agency thereof, which obligations are rated in either of the two highest rating categories by each Rating Agency;

(ix) bonds, debentures, or other obligations issued by any insurance company, corporation, government or governmental entity (foreign or domestic), provided, that such bonds, debentures or other obligations are (a) payable in any coin or currency of the United States of America which at the time of payment will be legal tender for the payment of public and private debts, and (b) rated in either of the two highest rating categories by each Rating Agency;

(x) commercial paper (having original maturities of not more than 365 days) rated in the highest rating category by each Rating Agency;

(xi) money market funds which invest in Government Obligations and which funds have been rated in the highest rating category by each Rating Agency;

(xii) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act or any successor fund thereto if each Rating Agency has confirmed that investment therein, in and of itself, will not adversely affect the then-existing rating of the Bonds by such Rating Agency; or

(xiii) any investments authorized in a Series Indenture authorizing Bonds, as long as the related Bonds are rated by each Rating Agency.

*Provided*, that it is expressly understood that the definition of Investment Obligations shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to this Exhibit B by a Supplemental Indenture or an Authorized Officer's Determination, thus permitting investments with different characteristics from those permitted which the Board of Directors or the Executive Director of the Agency deems from time to time

to be in the interests of the Agency to include as Investment Obligations if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by each Rating Agency.

For purposes of this definition, “institution” means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“*Liquidation Proceeds*” means amounts (*except* Insurance Proceeds) received in connection with the liquidation of a defaulted Mortgage Loan, whether through foreclosure, trustee’s sale, repurchase by a Mortgage Lender, or otherwise.

“*Loan Loss Fund*” means the Loan Loss Fund established pursuant to Section 401 of this Exhibit B.

“*Loan Loss Requirement*” means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for the Series of Bonds Outstanding in the Series Indentures authorizing the issuance of such Bonds, or a lesser amount if each of the Rating Agencies has confirmed that such lesser amount will not adversely affect the then-existing rating of the Bonds by such Rating Agency. The Trustee may rely upon a certificate from an Authorized Officer of the Agency which states the Loan Loss Requirement as of the date of said certificate.

“*Mortgage-Backed Securities*” means (i) obligations representing undivided beneficial ownership interests (and any other interest therein allowed by the Act) in mortgage loans, which obligations are issued by or guaranteed by the Government National Mortgage Association, Fannie Mae, Federal Home Loan Mortgage Corporation or, to the extent set forth in a Series Indenture, a Supplemental Indenture, or an Authorized Officer’s Determination, (a) any other agency or instrumentality of or chartered by the United States to which the powers of any of them have been transferred or which have similar powers to purchase mortgage loans and (b) any financial institution provided each of the Rating Agencies has confirmed that acquisition of such mortgage-backed securities will not adversely affect its then-existing rating of the Bonds and (ii) any evidence of an ownership interest in such obligations. Unless otherwise provided in a Series Indenture, a Supplemental Indenture, or an Authorized Officer’s Determination, “Mortgage-Backed Securities” does not include any mortgage-backed securities that are not financed from moneys on deposit in the Acquisition Fund.

“*Mortgage Lender*” means any person (including the Agency) approved by the Agency for participation in the Program who shall participate in financing Mortgage Loans or Underlying Mortgage Loans and/or sell Mortgage Loans or Mortgage-Backed Securities to the Agency.

“*Mortgage Loan*” means (i) any loan (not including an Underlying Mortgage Loan) financed with amounts deposited in the Funds and Accounts (other than Funds and Accounts so specified in a Series Indenture) and pledged hereunder by the Agency in accordance with the Act, evidenced by a mortgage note and secured by a mortgage (or, with respect to loans

related to cooperative dwelling units, evidenced by a promissory note and secured by a lien upon the related shares of stock in the cooperative housing corporation and the proprietary lease related to the financed premises), and (ii) any evidence of an ownership interest in such loans.

“*Outstanding Bonds*” means, as of any date, all Bonds theretofore authenticated and delivered by the Trustee under this Exhibit B, *except*:

- (a) any Bond deemed paid in accordance with Section 416(b) hereof;
- (b) any Bond cancelled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity;
- (c) any Bond deemed paid in accordance with the provisions of Section 303 hereof;
- (d) any Bond deemed paid in accordance with the provisions of Section 1101 hereof; and
- (e) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Section 211 of this Exhibit B, unless proof satisfactory to the Trustee is presented that any Bond for which a Bond in lieu thereof or in substitution therefor shall have been authenticated and delivered is held by a bona fide purchaser, as that term is defined in the Uniform Commercial Code-Investment Securities of the State (Sections 8101-8116 of the California Commercial Code), as amended (or any similar successor provision), in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

“*Pledged Property*” means the proceeds of the sale of the Bonds, Revenues and all other moneys in all Funds (except the Rebate Fund) and Accounts established under this Exhibit B, including the investments, if any, thereof, and the earnings, if any, thereon until applied in accordance with the terms of this Exhibit B; and all right, title and interest of the Agency in and to the Mortgage Loans and the Mortgaged-Backed Securities, and related notes, *but excluding* Mortgage Loan and Mortgage-Backed Securities accrued interest not purchased by the Agency; *except* that the pledge of assets or property in a Series Indenture may be limited in purpose and time, as set forth in said Series Indenture.

“*principal*” means (a) as such term references the principal amount of a Deferred Interest Bond or Deferred Interest Bonds, the Appreciated Amount thereof, and (b) as such term references the principal amount of any other Bond or Bonds, the principal amount at maturity of such Bond or Bonds.

“*Principal Account*” means the Principal Account established in the Debt Service Fund pursuant to Section 401 of this Exhibit B.

“*Principal Prepayment*” means any payment by a mortgagor or other recovery of principal of a Mortgage Loan which is not applied to a scheduled installment of principal or

interest on a Mortgage Loan and the portion of any Insurance Proceeds, Liquidation Proceeds or other payments representing such principal amounts, including from the sale of a Mortgage Loan, and any amounts received in connection with a Mortgage-Backed Security that reflect a receipt described in this definition that is received in connection with Underlying Mortgage Loans and the proceeds of the sale of Mortgage-Backed Securities.

“*Principal Prepayment Fund*” means the Principal Prepayment Fund established pursuant to Section 401 of this Exhibit B.

“*Program*” means the mortgage finance program of the Agency pursuant to which the Agency will issue the Bonds and apply the proceeds thereof to finance Mortgage Loans or Mortgage-Backed Securities hereunder.

“*Rating Agency*” means each nationally recognized securities rating agency that is maintaining the rating on the Bonds at the request of the Agency.

“*Rebate Fund*” means the Rebate Fund established pursuant to Section 401 of this Exhibit B.

“*Redemption Fund*” means the Redemption Fund consisting of the Special Redemption Account and the Optional Redemption Account established pursuant to Section 401 of this Exhibit B.

“*Redemption Price*” means, with respect to a Bond or portion thereof, the portion of the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the provisions of this Exhibit B and any Series Indenture.

“*Revenue Fund*” means the Revenue Fund established pursuant to Section 401 of this Exhibit B.

“*Revenues*” means all moneys received by or on behalf of the Agency or Trustee representing (i) principal and interest payments on the Mortgage Loans or Mortgage-Backed Securities including all Principal Prepayments representing the same and all prepayment premiums or penalties received by or on behalf of the Agency in respect to the Mortgage Loans or Mortgage-Backed Securities, (ii) interest earnings, amortization of discount, and gain, all as received as cash on the investment of amounts in any Account or Fund, (iii) amounts transferred to the Revenue Fund in accordance with Article IV hereof, (iv) amounts transferred to the Special Redemption Account from the Debt Reserve Fund or the Loan Loss Fund, and (v) amounts deposited in the Revenue Fund pursuant to the fifth paragraph of Section 502 hereof.

“*Serial Bonds*” means the Bonds which are not Term Bonds.

“*Series*” means one of the series or, as the context requires, subseries of Bonds issued under this Exhibit B pursuant to a Series Indenture.

“*Series Indenture*” means an indenture of the Agency authorizing the issuance of a Series of Bonds.

“*Series Program Determinations*” means determinations by the Agency relating to Mortgage Loans, Underlying Mortgage Loans, and Mortgage-Backed Securities and certain other matters required in connection with a Series of Bonds under the Program to be set forth (or provided to be determined at certain specified times in the future) in a Series Indenture (or, if each Rating Agency has confirmed that doing so will not adversely affect the then-existing rating of the Bonds by such Rating Agency, pursuant to an Agency Request) and shall include the following: (i) whether Mortgage Loans or Mortgage-Backed Securities are to be financed by such Bonds and the types of Mortgage-Backed Securities, if any; (ii) whether each Mortgage Loan and each Underlying Mortgage Loan shall be secured by a first lien mortgage, a subordinate lien mortgage or a combination; (iii) whether each Mortgage Loan and each Underlying Mortgage Loan shall have approximately equal monthly payments or shall be a graduated payment mortgage loan or have a fixed or variable rate of interest; (iv) the maximum term to maturity of each Mortgage Loan and each Underlying Mortgage Loan; (v) whether each residence to which each Mortgage Loan and each Underlying Mortgage Loan relates shall be a principal residence; (vi) required primary mortgage insurance, if any, and the levels of coverage thereof; (vii) limitations, if any, applicable to purchases of Mortgage Loans and each Underlying Mortgage Loan relating to planned unit developments, and/or cooperatives or condominiums, geographic concentration, and type of principal and interest characteristics; (viii) Supplemental Mortgage Coverage, if any; (ix) provisions relating to Principal Prepayments, including application thereof for redemption or financing new Mortgage Loans or Mortgage-Backed Securities; (x) maximum Expenses for such Series; (xi) restrictions, if any, on the applications of the proceeds of the voluntary sale of Mortgage Loans and Mortgage-Backed Securities, if any; and (xii) any other provision deemed advisable by the Agency not in conflict with this Exhibit B.

“*Sinking Fund Requirement*” means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of the Term Bonds, *except* as such Requirement shall have been previously reduced by the principal amount of such Term Bonds with respect to which such Sinking Fund Requirement is payable which are to be purchased or redeemed (*except* out of Sinking Fund Requirements). Sinking Fund Requirements may be established as fixed dollar amounts or as method(s) of calculation thereof.

“*State*” means the State of California.

“*Supplemental Indenture*” means any indenture of the Agency supplementing or amending this Exhibit B.

“*Supplemental Mortgage Coverage*” means the coverage, if any, of loss from Mortgage Loan or Underlying Mortgage Loan defaults provided in a Series Indenture which supplements any primary mortgage insurance.

“*Term Bonds*” means the Bonds with respect to which Sinking Fund Requirements have been established.

“*Trustee*” means U.S. Bank National Association and its successors and any consolidation or merger to which it or its successors may be a party, all as may be provided for herein or in accordance herewith.

“*Underlying Mortgage Loan*” means a mortgage loan underlying any Mortgage-Backed Securities.

Section 104. *Miscellaneous Definitions.* Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words which import the singular shall include the plural, and words which import the plural shall include the singular. The word “person” shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. The words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” refer to this entire Exhibit B. The words “interest payment date” and “payment date” mean, with respect to any Series of Bonds, the interest payment date(s) established in the applicable Series Indenture, regardless of whether the referenced Bonds are interest-bearing or not. The word “mortgage” shall mean a mortgage, deed of trust or any similar term relating to the conveyance of an interest in real property as security for the repayment of money borrowed. Any reference to the then-existing long-term rating assigned to the Bonds by each Rating Agency means the lowest rating assigned to the Bonds by such Rating Agency.

Section 105. *Requirement of Signed Writing.* Every “request”, “order”, “demand”, “application”, “appointment”, “notice”, “statement”, “certificate”, “consent” or similar action hereunder by the Agency or the Trustee, unless the form thereof is specifically provided, shall, in the case of the Agency, be in writing signed by an Authorized Officer and shall, in the case of the Trustee, be in writing signed by an authorized officer of the Trustee.

Section 106. *Purpose and Function.* (a) The purpose of this Exhibit B is to provide for the issuance and/or holding of bonds that are separately secured from all other bonds issued and to be issued under the General Indenture.

(b) This Exhibit B is being adopted pursuant to the terms of the General Indenture for administrative convenience only and shall be treated, interpreted and construed as if it were an entirely separate indenture from the General Indenture and all supplemental indentures thereto (other than the 2009 Series A Indenture, as defined in the General Indenture, as applicable). Notwithstanding anything to the contrary contained in the General Indenture, no revenues or assets pledged under the General Indenture shall be available for the payment of the principal or Redemption Price of or interest on the Bonds and no Revenues or assets pledged under this Exhibit B shall under any circumstances (including, but not limited to, the occurrence of an Event of Default under Section 702 of the General Indenture), be available for the payment of the principal or Redemption Price or Sinking Fund Payments or interest on any bonds (other than the Bonds) issued or to be issued under the General Indenture.

(c) Notwithstanding the foregoing, nothing herein shall preclude the Agency from contributing or pledging other funds or other assets to the funds and accounts established

under this Exhibit B so long as such funds or assets are not subject to the sole lien of the General Indenture and not otherwise encumbered. For all purposes of the General Indenture including, but not limited to, determining whether funds or assets may be released from the lien of the General Indenture, the Bonds shall not be considered outstanding under the General Indenture (and the Mortgage Loans and Mortgage-Backed Securities shall not be included in any calculations or computations required pursuant to the General Indenture) and nothing in this Exhibit B shall limit or restrict the Agency's rights under the General Indenture (including, but not limited to, the Agency's right to withdraw money from the General Indenture in accordance with Section 411(x) of the General Indenture, which right shall not be conditioned or restricted by any provisions of this Exhibit B). In particular, all covenants, agreements and restrictions set forth in this Exhibit B shall be applicable solely to the Bonds and shall not be applicable, in any manner, to any other bonds issued or to be issued under the General Indenture or to the provisions of the General Indenture.

Section 107. *Interpretation.* In the event of a conflict between the provisions of the General Indenture and the provisions of this Exhibit B, the provisions of this Exhibit B shall govern. The provisions of this Section 107 are subject, in all respects, to the provisions of Sections 102 and 106 hereof.

## **ARTICLE II**

### **FORM, EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS**

Section 201. *Issuance of Bonds for Program.* For the purposes set forth in the Act, Bonds of the Agency may be issued under and secured by this Exhibit B, subject to the provisions of this Article. The principal of, the interest on and the redemption premium, if any, on such Bonds shall be payable solely from the moneys and assets pledged by this Exhibit B for the payment of the Bonds, and all of the covenants, agreements and conditions of this Exhibit B shall be for the benefit and security of each and all of the present and future owners of the Bonds issued and to be issued under this Exhibit B, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issuance, sale, effective date or negotiation thereof or otherwise, all in accordance with the terms hereof.

Section 202. *Limitation on Issuance of Bonds.* No Bonds may be issued under the provisions of this Exhibit B except in accordance with the provisions of this Article.

Section 203. *Form of Bonds.* Bonds are issuable in definitive form. Definitive Bonds are issuable as registered Bonds. The principal denomination at maturity of any Series of Bonds shall be specified in the Series Indenture authorizing the issuance of such Series of Bonds. The definitive Bonds of any Series shall be in the form specified in the Series Indenture authorizing the issuance of such Series of Bonds, with such appropriate variations, omissions and insertions as are permitted or required by this Exhibit B, and with such additional changes as may be necessary or appropriate to conform to the provisions of the indenture or indentures

providing for the issuance of the Bonds. Each Bond shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond." All such Bonds may have endorsed thereon such additional legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto, or as may be authorized by the Agency and approved by the Trustee.

Section 204. *Details of Bonds.* The Bonds shall be dated, shall bear interest, if any, until their payment, such interest to the maturity thereof being payable on such dates, and stated to mature (subject to the right of prior redemption), all as provided in the applicable Series Indenture.

Each interest-bearing Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, *unless* authenticated on an interest payment date, in which case it shall bear interest from such interest payment date, or *unless* authenticated prior to the first interest payment date, in which case it shall bear interest from its date, unless provided otherwise in a Series Indenture; *provided, however*, that if at the time of authentication of any Bond, interest is in default, such Bond shall bear interest from the date to which interest shall have been paid.

*Unless* otherwise required by law, definitive Bonds shall be executed in the name of the Agency by the manual or facsimile signature of its Executive Director and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of any Authorized Officer of the Agency, other than the officer executing the Bonds.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

*Except* as may be otherwise provided in a Series Indenture (if then permitted by applicable law), both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. *Subject to* alternate provisions established in any Series Indenture with respect to the applicable Series of Bonds, the principal of all Bonds shall be payable only to the registered owner or his legal representative at a corporate trust office of the Trustee *except* with respect to Bonds which are in book-entry form, and payment of the interest on each Bond shall be made by the Trustee on each interest payment date to the person appearing on the registration books of the Agency hereinafter provided for as the registered owner thereof or to the designee of such registered owner, by check mailed to the registered owner at his address as it appears on such registration books or to any designee, to the

address of such designee. The Trustee may enter into an agreement or agreements with or for the benefit of any registered owner for the payment of principal of or interest on Bonds in a manner or in a place different from that set forth in this paragraph. *Except* with respect to Bonds which are in book-entry form, payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable. Payment of principal on Bonds in book-entry form shall be made pursuant to procedures established or referred to in the applicable Series Indenture.

Section 205. *Authentication of Bonds.* Only such of the definitive Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the applicable Series Indenture, duly executed by the Trustee, shall be entitled to any benefit or security under this Exhibit B. No definitive Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Exhibit B. The Trustee's certificate of authentication on any definitive Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 206. *Exchange of Bonds.* Subject to, and in accordance with, Section 207 hereof, Bonds, upon surrender thereof at a corporate trust office of the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of like tenor and of the same Series (and subseries, if applicable) and maturity, bearing interest at the same rate, of any denomination or denominations authorized by this Exhibit B.

The Agency shall make provisions for the exchange of Bonds at a corporate trust office of the applicable Bond Registrar.

Section 207. *Negotiability, Registration and Registration of Transfer of Bonds.* The transfer of any Bond may be registered only upon the books kept for the registration of, and registration of transfers of, Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, in any denomination or denominations authorized by this Exhibit B, in an aggregate principal amount equal to the principal amount of such Bond of like tenor and of the same Series (and subseries, if applicable) and maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or Bonds shall be transferred hereunder by registration as aforesaid, the Agency shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Exhibit B. All Bonds surrendered in any exchange or registration of transfer shall

forthwith be canceled by the Trustee. The Agency or, at the direction of the Agency, the Trustee may make a charge for the expense incurred in every such exchange or registration of transfer of Bonds, including a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Neither the Agency nor the Trustee shall be required to make any such exchange or registration of transfer of Bonds during the fifteen (15) days immediately preceding an interest payment date on the Bonds, or, in the case of any proposed redemption of Bonds, immediately preceding the date of notice of such redemption, or after such Bonds or any portion thereof shall have been selected for redemption.

Pursuant to a Series Indenture, the Bond Registrar may record different registered owners with respect to the principal or Redemption Price of, and/or interest on a Bond.

Section 208. *Ownership of Bonds.* As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes. Payment of or on account of the principal of and interest on any Bond of a Series shall be made only to the registered owner(s) thereof with respect to such payment or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including interest thereon, to the extent of the sum or sums so paid.

Any registered owner of any Bond is hereby granted power to transfer absolute title thereto by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against his assignor or any person on the chain of title and before the maturity of such Bond. Every prior owner of any Bond shall be deemed to have waived and renounced all of his equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby.

Section 209. *Issuance of Bonds.* Each Series of Bonds shall be authorized and issued under and secured by this Exhibit B pursuant to the authorization contained in a Series Indenture. The Bonds of each Series shall be designated "California Housing Finance Agency Residential Mortgage Revenue Bonds, with such ordinal number and/or letter(s) as will identify the particular Series (except that Bonds of a Series issued pursuant to Section 210 hereof may be designated "California Housing Finance Agency Residential Mortgage Revenue Refunding Bonds, Series \_\_\_\_" with such ordinal numbers and/or letter(s) as will identify the particular Series of refunding Bonds), shall be in such subseries (if any), shall be in such denominations, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law payable beginning on such date, shall be stated to mature on such dates in such year or years, shall be made redeemable at such times and prices (subject to the provisions of Article III of this Exhibit B), shall have such interest payment dates, shall be numbered and the Term Bonds of such Series shall have such Sinking Fund Requirements, all as may be provided by the Series Indenture for such Bonds. Except as may otherwise be provided in the Series Indenture and except as to any differences in the maturities thereof or the interest payment dates or the rate or rates of interest or the provisions for redemption, such Bonds shall be on a parity with and shall be entitled to the same benefits and security under this Exhibit B as all other Bonds issued under this Exhibit B.

Each Series Indenture authorizing the issuance of a Series of Bonds shall specify and determine:

- (a) The authorized principal amount of such Series of Bonds;
- (b) The purposes for which such Series of Bonds are being issued which shall be any lawful authorized purpose, including but not limited to the following purposes: (i) the purchase of Mortgage Loans or Mortgage-Backed Securities, (ii) the making of such deposits in amounts, if any, required by this Exhibit B or the Series Indenture to be paid into various Funds, or (iii) the refunding of bonds or other obligations issued by the Agency or another issuer;
- (c) The maturity date or dates, the amounts of each maturity, and the interest payment dates of the Bonds of such Series;
- (d) The interest rate or rates of the Bonds of such Series or method of determining the same;
- (e) The denomination or denominations of, and the manner of dating, numbering and lettering the Bonds of each Series;
- (f) In the case of Term Bonds, if any, provision for Sinking Fund Requirements;
- (g) The Redemption Price or Redemption Prices, if any, the time or times and the terms and conditions upon which the Bonds of such Series may be redeemed prior to their maturities, including without limitation the method of selection for redemption as among maturities;
- (h) The amounts to be deposited from the proceeds of such Series of Bonds in the Funds and Accounts created and established by this Exhibit B and the Series Indenture;
- (i) That notwithstanding any other provision of the Series Indenture, upon issuance, sale and delivery of such Series of Bonds, so much of such proceeds of the Bonds of such Series credited to the Bond Proceeds Fund shall be transferred to the Debt Reserve Fund so that the amount in such fund shall be at least equal to the Debt Reserve Requirement calculated immediately after the delivery of such Series of Bonds;
- (j) That notwithstanding any other provision of the Series Indenture, upon sale and delivery of such Series of Bonds, so much of such proceeds of the Bonds of such Series credited to the Bond Proceeds Fund shall be transferred to the Loan Loss Fund so that the amount in such fund shall be at least equal to the Loan Loss Requirement calculated immediately after the delivery of such Series of Bonds;
- (k) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;
- (l) The Series Program Determinations;

- (m) The Cash Flow Requirements, if any;
- (n) Whether such Bonds shall be subordinated Bonds; and
- (o) Any other provisions deemed advisable by the Agency not in conflict with the provisions of this Exhibit B.

Said Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Trustee for authentication, but before said Bonds shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following:

- (a) A copy, duly certified by an Authorized Officer, of this Exhibit B and the Series Indenture for such Series of Bonds;
- (b) A Bond Counsel's Opinion stating in the opinion of such counsel that this Exhibit B and the applicable Series Indenture have been duly authorized, executed, and delivered by, and are valid and binding obligations of, the Agency;
- (c) A Cash Flow Statement, if required by Section 607, conforming to the requirements of Section 607 hereof;
- (d) A request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver said Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor; and
- (e) Evidence that the issuance of said Bonds will not adversely affect the then-existing ratings of any of the Bonds by any Rating Agency.

When the documents mentioned in clauses (a) to (e), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when the Bonds described in the Series Indenture mentioned in clause (a) of the immediately preceding paragraph shall have been executed and authenticated as required by this Exhibit B, the Trustee shall deliver such Bonds to or upon the order of the purchaser or purchasers named in the request and authorization mentioned in clause (d) of the immediately preceding paragraph, but only upon payment to the Trustee of the purchase price of said Bonds. The Trustee shall be entitled to rely upon such request and authorization as to the amount of such purchase price.

Simultaneously with the delivery of such Bonds the Trustee shall deposit or credit the proceeds of said Bonds into the applicable Series Bond Proceeds Account of the Bond Proceeds Fund. Unless otherwise provided in the applicable Series Indenture, the Trustee shall apply such proceeds together with any other available funds, as follows:

- (i) an amount shall be transferred to and deposited to the credit of the Debt Reserve Fund such that the amount on deposit in such Fund will at least equal the Debt Reserve Requirement;

(ii) an amount shall be transferred to and deposited to the credit of the Loan Loss Fund such that the amount on deposit in such Fund will at least equal the Loan Loss Requirement;

(iii) the total amount of such proceeds designated by the Agency as accrued interest and capitalized interest shall be transferred to and deposited to the credit of the Revenue Fund;

(iv) an amount equal to the Costs of Issuance for such Bonds shall be transferred to and deposited to the credit of the Series Account in the Costs of Issuance Fund established for such Series;

(v) an amount to the extent set forth in the applicable Series Indenture shall be transferred to and deposited in the Expense Fund;

(vi) an amount to be transferred to and deposited into any Fund or Account not referred to in clauses (i) - (v) above or (vii) below as provided in the applicable Series Indenture; and

(vii) the balance of such moneys shall be transferred to and deposited to the credit of the Acquisition Account in the Acquisition Fund established for such Series.

Section 210. *Refunding Bonds.* Refunding Bonds of the Agency may be issued under and secured by this Exhibit B, subject to the conditions hereinafter provided in this Section, from time to time, for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon (or premium, to the extent permitted by law, included in the purchase price if purchased in lieu of redemption), (ii) making any required deposits to the Debt Reserve Fund and the Loan Loss Fund, (iii) if deemed necessary by the Agency, for paying the interest to accrue on the refunding Bonds or refunded Bonds to the date fixed for their redemption (or purchase) and (iv) any expenses in connection with such refunding. Before any Bonds shall be issued under the provisions of this paragraph, the Agency shall execute a Series Indenture authorizing the issuance of such Bonds, fixing the amount and the details thereof, describing the Bonds to be redeemed and setting forth determinations with respect to the same matters as are set forth in the second paragraph of Section 209 hereof.

Refunding Bonds shall be designated, shall be in such denominations, shall be dated, shall bear interest, if any, at a rate or rates not exceeding the maximum rate then permitted by law payable beginning on such date, shall be stated to mature on such date or dates and in such year or years, shall have such interest payment dates, and shall be made redeemable at such times and prices (subject to the provisions of Article III of this Exhibit B), shall be numbered, and any Term Bonds of such Series shall have such Sinking Fund Requirements, all as may be provided by the Series Indenture for such Bonds. *Except* as may otherwise be provided in the applicable Series Indenture and *except* as to any differences in the maturities thereof or the

interest payment dates or the rate or rates of interest or the provisions for redemption, such refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Exhibit B as all other Bonds issued under this Exhibit B (*except* as otherwise provided in a Series Indenture).

Refunding Bonds issued under the provisions of this Section shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Bonds by the Trustee to or upon the order of the purchasers thereof there shall be filed with the Trustee the following:

(a) a copy, duly certified by an Authorized Officer, of this Exhibit B and the Series Indenture for such Series of refunding Bonds;

(b) A Bond Counsel's Opinion stating in the opinion of such counsel that this Exhibit B and the applicable Series Indenture have been duly authorized, executed, and delivered by, and are valid and binding obligations of, the Agency;

(c) a Cash Flow Statement, if required by Section 607, conforming to the requirements of Section 607 hereof;

(d) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any moneys to be withdrawn from the Debt Service Fund by the Trustee, and any other moneys which have been made available to the Trustee for such purposes, or the principal of and the interest on the investment of such proceeds or any such moneys, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption, the expenses in connection with such refunding and to make any required deposits to the Debt Reserve Fund and the Loan Loss Fund and specifying transfers, if any, from the Series Acquisition Accounts applicable to the Series of Bonds to be refunded and the refunding Bonds;

(e) if all or part of the refunded Bonds are to be redeemed prior to maturity, irrevocable instructions from an Authorized Officer of the Agency to the Trustee to redeem the applicable Bonds;

(f) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Agency of the purchase price therefor; and

(g) evidence that the issuance of said Bonds will not adversely affect the then-existing rating of any of the Bonds by any Rating Agency.

When the documents mentioned in clauses (a) to (g), inclusive, of this Section shall have been filed with the Trustee and when the Bonds described in the Series Indenture

mentioned in clause (a) above shall have been executed and authenticated as required by this Exhibit B, the Trustee shall deliver such Bonds at one time to or upon the order of the purchaser or purchasers named in the request and authorization mentioned in clause (f) of this Section, but only upon payment to the Trustee of this purchase price of said Bonds. The Trustee shall be entitled to rely upon such request and authorization as to the amount of such purchase price.

The proceeds of such refunding Bonds shall, to the extent practicable, be invested and reinvested by the Trustee, with the approval of the Agency, in Investment Obligations, and the moneys so invested shall be available for use when required. The income derived from such investments may, as determined by the Agency, be added to such proceeds and applied in accordance with the provisions of this Section 210.

Section 211. *Temporary Bonds.* Until definitive Bonds required by the applicable Series Indenture are ready for delivery, there may be executed, and upon request of an Authorized Officer the Trustee shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary printed, typewritten, engraved or lithographed Bonds, substantially of the tenor of the Bonds hereinabove set forth and with such appropriate additions, omissions, insertions and variations as may be required. Notwithstanding anything provided in this Section 211, typewritten Bonds can be definitive Bonds.

Until definitive Bonds are ready for delivery, any temporary Bond may, if so provided by an Authorized Officer in a certificate filed with the Trustee, be exchanged at a corporate trust office of the Bond Registrar, without charge to the owner thereof, for an equal aggregate principal amount of temporary Bond of like tenor, of the same Series (and subseries, if applicable) and maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the Agency shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to a corporate trust office of the Bond Registrar of any temporary Bond, if any, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the owner, without charge to the owner thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same series (and subseries, if applicable) and maturity and bearing interest at the same rate as the temporary Bonds surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security of this Exhibit B as the definitive Bonds to be issued and authenticated hereunder. No charge for taxes or governmental charges shall be made against the owner upon an exchange of a temporary Bond for definitive Bond.

Section 212. *Mutilated, Destroyed or Lost Bonds.* In case any Bond secured hereby shall become mutilated or be destroyed or lost, the Agency shall cause to be executed, and the Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the owner's paying the reasonable expenses and charges of the Agency and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it and to the Agency that such Bond was destroyed or lost, of his ownership thereof, and furnishing the Agency and the Trustee indemnity satisfactory to them.

Section 213. *Book-Entry System.* Bonds may be issued as certificated Bonds or as book-entry bonds under a book-entry system as specified in the related Series Indenture.

### ARTICLE III

#### REDEMPTION OF BONDS

Section 301. *Redemption of Bonds.* The Bonds issued under the provisions of this Exhibit B shall be made subject to redemption, both in whole and in part and at such times and Redemption Prices, as may be provided in the applicable Series Indenture; *provided, however,* that Term Bonds shall be made subject to redemption to the extent of any Sinking Fund Requirements therefor on the dates and during the period during which such Sinking Fund Requirements are in effect as established in the applicable Series Indenture.

The Trustee shall select the Bonds or portions of Bonds to be redeemed or purchased in accordance with this Exhibit B and the applicable Series Indenture. *Except* as otherwise stated in the Series Indenture authorizing a Series of Bonds hereunder with respect to all or any part of the Series of Bonds authorized thereunder, moneys shall upon direction by an Agency Request to the Trustee be applied by the Trustee to the purchase or the redemption of Bonds selected from among the Series (and subseries, if applicable), maturities and interest rates on the basis specified by the Agency in such Agency Request accompanied by a Cash Flow Certificate or Cash Flow Statement. Except as otherwise provided in a Series Indenture, the Agency Request relating to each redemption of Bonds shall be filed with the Trustee at least thirty (30) days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Trustee.

Except as otherwise provided in a Series Indenture, if less than all of the Bonds of one Series (and subseries, if applicable) and one maturity bearing the same interest rate (and otherwise of like tenor) shall be called for redemption, the particular Bonds of such Series (and subseries if applicable) and maturity bearing the same rate of interest (and otherwise of like tenor) to be redeemed shall be selected not later than twenty (20) days prior to the date fixed for redemption in such manner as directed by the Agency or, if no such direction is received by the Trustee, by lot or in such manner as the Trustee in its discretion may determine; *provided, however,* that the portion of Bonds of any Series (and subseries, if applicable) to be redeemed shall be in the minimum principal amount or some integral multiple thereof established for such Bonds in the applicable Series Indenture, and that in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by said minimum principal amount.

If less than all of the Term Bonds Outstanding of any one maturity of a Series (or subseries, if applicable) shall be purchased or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed shall be credited, to the extent practicable, except as otherwise provided in an Agency Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series (and subseries, if applicable) and maturity in the proportion which the then remaining balance of

each such Sinking Fund Requirement bears to the total of all Bonds of such Series (and subseries, if applicable) and maturity then Outstanding.

Section 302. *Redemption Notice.* This Section shall apply unless otherwise provided in a Series Indenture. At least three (3) days but not more than ninety (90) days before the redemption date of any Bonds, the Trustee shall cause a notice of any such redemption, either in whole or in part, signed by the Trustee to be mailed, first class postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Bond Registrar. Each such notice shall set forth the date fixed for redemption, the Redemption Price to be paid, the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds then Outstanding shall be called for redemption, the Series (or subseries), the maturities and the distinctive numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In addition, if the notice of redemption is conditional, the notice shall set forth in summary terms, the conditions precedent to such redemption and that if such conditions shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and such Bonds shall not be redeemed. If the conditions are not satisfied, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such conditions were not satisfied. An affidavit of the Trustee of mailing shall be conclusive and binding upon the Agency and Bondowners. Once sent in accordance with the provisions of this Exhibit B, any such notice shall be effective whether or not received by a Bondowner. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond of the same maturity and Series (and subseries, if applicable), bearing interest at the same rate and in principal amount equal to the unredeemed portion of such Bond, will be issued. A Bondowner may waive its right to receive notice pursuant to this Section.

Section 303. *Effect of Calling for Redemption.* On the date so designated for redemption if the conditions precedent, if any, to such redemption have been satisfied, any required notice which has not been waived having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or portions thereof on such date, and, if sufficient money or Government Obligations (the principal of and interest on which will provide sufficient money for payment of the Redemption Price and the accrued interest) are held by the Trustee in trust for the owners of the Bonds or portions thereof to be redeemed, as provided in this Exhibit B, such Bonds or portions thereof shall cease to be Outstanding under the provisions of this Exhibit B, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds or portions of Bonds shall cease to be entitled to any benefit or security under this Exhibit B and the owners of such Bonds or portions of Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof and the accrued interest thereon to the date of redemption and, to the extent provided in Section 304 of this Article, to receive Bonds for any unredeemed portion of Bonds.

Section 304. *Redemption of Portion of Bond.* In case part but not all of an Outstanding Bond shall be selected for redemption, the owner thereof or his attorney or legal representative shall present and surrender such Bond (with, if the Agency or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Agency and the Trustee duly executed by the owner thereof or his attorney or legal representative) to the Trustee for payment of the principal amount thereof so called for redemption, and the Agency shall execute and the Trustee shall authenticate and deliver to or upon the order of such owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond, at the option of such owner or his attorney or legal representative, of any denomination or denominations authorized by this Exhibit B, of the same maturity and Series (and subseries, if applicable) and bearing interest at the same rate and otherwise of like tenor.

Section 305. *Cancellation.* Bonds so presented and surrendered shall be canceled upon the surrender thereof.

Section 306. *Bonds No Longer Outstanding.* Bonds shall no longer be treated as Outstanding (a) if they have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given by the Agency to the Trustee and (b) with respect to which the Trustee holds money or Government Obligations sufficient to pay the Principal and Redemption Price of and interest on such on their respective interest payment, stated maturity or prescribed redemption dates.

## **ARTICLE IV**

### **APPLICATION OF REVENUES AND OTHER MONEYS**

Section 401. *Establishment of Funds and Accounts.* (a) The following Funds and Accounts are hereby created and designated as set forth below:

Bond Proceeds Fund  
Series Bond Proceeds Accounts

Acquisition Fund  
Series Acquisition Accounts

Costs of Issuance Fund  
Series Costs of Issuance Accounts

Revenue Fund

Debt Service Fund  
Interest Account  
Principal Account

Redemption Fund  
Special Redemption Account  
Optional Redemption Account

Expense Fund

Debt Reserve Fund

Loan Loss Fund

General Fund

Principal Prepayment Fund  
Series Principal Prepayment Accounts

Rebate Fund

Supplementary Reserve Fund

Additional Funds and Accounts (including for the purpose of depositing amounts required to be rebated to the United States, *i.e.*, a Rebate Account within the Rebate Fund) may be created and designated in Series Indentures. The designation of each such Fund and Account shall include the term “California Housing Finance Agency, Residential Mortgage Revenue Bonds” which term shall precede the designation as set forth above. Each such Fund and Account is, *however*, sometimes referred to herein as set forth above. Each such Fund and Account shall be held by the Trustee, in trust, separate and apart from all other funds of the Agency, for the purposes provided in this Exhibit B. In Series Indentures, the Agency may provide for the deposit of amounts in Funds and Accounts, which amounts shall be subject to the lien of this Exhibit B for the purposes and period of time set forth in the applicable Series Indenture.

(b) Upon the issuance of a Series of Bonds, the Trustee shall establish a Series Account within the Bond Proceeds Fund applicable to such Series of Bonds and may deposit amounts received in connection with the issuance of such Bonds into such Account and thereupon apply such proceeds at the times and in the amounts set forth in the Series Indenture authorizing the issuance thereof.

Section 402. *Acquisition Fund.* Upon the issuance of a Series of Bonds, unless otherwise provided in the applicable Series Indenture, the Trustee shall establish a Series Acquisition Account (which may relate to more than one Series of Bonds) within the Acquisition Fund applicable to such Series of Bonds and shall either (i) transfer amounts from the Bond Proceeds Fund received in connection with the issuance of such Bonds into such Account or (ii) deposit such amounts directly into the applicable Acquisition Account, in the amount(s) and at the time(s) set forth in the Series Indenture authorizing the issuance thereof. Moneys in the Acquisition Fund shall be applied by the Trustee to finance the acquisition of Mortgage Loans and/or Mortgage-Backed Securities (the characteristics of which conform to

the applicable Series Program Determinations) upon Agency Request or as otherwise provided in the Series Indenture.

The Trustee shall transfer from any Series Acquisition Account to the Special Redemption Account any amount specified by the Agency from time to time in an Agency Request for the purpose of redeeming or purchasing Bonds of the Series for which such Series Acquisition Account was established, *unless* otherwise provided in the applicable Series Indenture.

The Trustee shall transfer any amount representing Principal Prepayments deposited in a Series Acquisition Account to the Principal Prepayment Fund, upon an Agency Request in the amount and at the time(s) stated in such Agency Request.

Moneys held for the credit of the Acquisition Fund shall be transferred to the Interest or Principal Account, in that order, pursuant to Section 414 hereof.

Section 403. *Costs of Issuance Fund.* Upon the issuance of a Series of Bonds, unless otherwise provided in the applicable Series Indenture, the Trustee shall establish a Series Account within the Costs of Issuance Fund applicable to such Series of Bonds and shall transfer amounts from the Bond Proceeds Fund received in connection with the issuance of such Bonds into such Account in the amount set forth in the Series Indenture authorizing the issuance thereof. In addition, the Agency may deposit other amounts available therefor in such Account. Moneys held in a Series Account in the Costs of Issuance Fund shall be disbursed to pay the Costs of Issuance related to the applicable Series of Bonds upon a requisition, signed by an Authorized Officer of the Agency, identifying generally the nature and amount of such Costs of Issuance. Upon Agency Request any amount remaining in a Series Account shall be transferred to the Revenue Fund and treated as Revenues, to the Acquisition Fund or to the Special Redemption Account of the Redemption Fund.

Section 404. *Revenue Fund; Application of Revenues.* (a) The Agency shall transfer all Revenues to the Trustee within three business days following the date of the Agency's receipt thereof. Upon transfer, the Agency shall identify the amount of Principal Prepayments included in such Revenues. All Revenues shall be deposited in the Revenue Fund as received by the Trustee.

(b) No later than one month following the deposit of Principal Prepayments into the Revenue Fund, the Trustee shall transfer Revenues in an amount equal to and representing such Principal Prepayments received to the Principal Prepayment Fund.

(c) At any time, upon Agency Request, the Trustee shall apply amounts in the Revenue Fund to pay for accrued interest in connection with the Trustee's purchase of Investment Obligations for deposit in any Fund or Account maintained hereunder and to pay accrued interest with respect to the financing of Mortgage Loans and Mortgage-Backed Securities.

(d) Upon deposit in the Revenue Fund, the Trustee shall transfer to the credit of the applicable Series Acquisition Account amounts equal to the amounts expended from such Account to pay accrued interest with respect to the financings of Mortgage Loans and Mortgage-Backed Securities funded from amounts on deposit in such Account.

(e) The Trustee shall transfer Revenues in the Revenue Fund in the amounts specified in an Agency Request, on the dates therein specified, to the credit of the Funds and Accounts in, and in the priority of, clauses (1) - (9) below:

(1) To any Account in the Rebate Fund, the amount(s), if any specified by the Agency;

(2) Principal payments, including Principal Prepayments, of Mortgage Loans and Mortgage-Backed Securities in an amount equal to the amounts required by the Code to be applied to pay principal of Bonds shall be transferred to the Principal Account or the Special Redemption Account, as directed by the Agency;

(3) To the Interest Account, in the amount necessary to pay interest due on the next succeeding debt service payment date on the Bonds;

(4) To the Principal Account, in the amount necessary, after taking into account the amount transferred pursuant to clause (2) and the amount applied pursuant to subsection (f), to pay principal due on the next succeeding debt service payment date on the Bonds;

(5) To the credit of the Debt Reserve Fund, an amount sufficient to cause the amount on deposit in and credited to said Fund to equal the Debt Reserve Requirement;

(6) To the credit of the Expense Fund, the amount of Expenses specified in the Agency Request which shall not exceed the remainder of (i) the product of (A) the maximum amount of Expenses which may be deposited in the Expense Fund during the then-current Fiscal Year and (B) the fraction whose numerator is the number of days from the beginning of such Fiscal Year to the next succeeding debt service payment date on the Bonds and whose denominator is 365 or 366, whichever represents the number of days in such Fiscal Year, less (ii) the aggregate amount of Expenses previously deposited into the Expense Fund during such Fiscal Year. In no event in any Fiscal Year can the amount deposited on any date, when aggregated with amounts already deposited during such Fiscal Year, cause the aggregate amount deposited in any Fiscal Year to exceed the maximum amount of Expenses which may be deposited in the Expense Fund in a Fiscal Year;

(7) To the credit of the Loan Loss Fund, an amount sufficient to cause the amount on deposit in and credited to said Fund to equal the Loan Loss Requirement;

(8) To the credit of the Expense Fund, the amount of Expenses specified in an Agency Request accompanied by a Cash Flow Certificate but only to the maximum allowable pursuant to the Series Indentures; and

(9) To the General Fund, the balance.

(f) Revenues in the Revenue Fund shall be applied to the purchase of Bonds at the times, in the manner and for the purposes set forth in Section 406(b) hereof.

Section 405. *Interest Account.* The Trustee shall on each interest payment date, withdraw from the Interest Account, and remit by such method of transfer acceptable to the Agency, to each owner of Bonds the amounts required for paying the interest on such Bonds as such interest becomes due and payable.

Section 406. *Principal Account.* (a) *Principal Payments.* The Trustee shall on each principal payment date, set aside in the Principal Account the amounts required for paying the principal of all Bonds as such principal becomes due and payable.

(b) *Sinking Fund Redemption.* Amounts on deposit in the Revenue Fund prior to being deposited to the credit of the Principal Account in satisfaction of Sinking Fund Requirements shall be applied as applicable to the purchase of Term Bonds of each Series then Outstanding subject to Sinking Fund Requirements on the next date such payments are scheduled as provided in this paragraph. The Trustee, upon direction of an Authorized Officer, shall endeavor to purchase the Term Bonds or portions of Term Bonds of each Series stated to mature on the next maturity date or to be redeemed pursuant to Sinking Fund Requirements for Term Bonds of such Series then Outstanding at a price not to exceed the Redemption Price (plus accrued interest to the date of redemption) which would be payable on the next redemption date to the Owners of such Term Bonds under the provisions of the applicable Series Indenture if such Term Bonds or portions of Term Bonds should be called for redemption on such date. *Provided, however,* that, subject to applicable law, notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Fund equal to the Sinking Fund Requirements for the next date such payments are scheduled shall be less than the interest accruing on the Bonds to be redeemed on such date from such Sinking Fund Requirement, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the applicable Series Indenture, if an Authorized Officer certifies to the Trustee that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date. The Trustee shall pay the interest accrued on such Term Bonds or portions of Term Bonds to the date of settlement therefor from the Revenue Fund

or the Interest Account of the Debt Service Fund. Notwithstanding the foregoing, no such purchase shall be made by the Trustee after the giving of notice of redemption by the Trustee.

(c) Any purchase or redemption of Bonds shall be made pursuant to the provisions of Article III of this Exhibit B. Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of this Section 406, the Trustee shall file with the Agency a statement identifying such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds shall be paid by the Trustee from the Expense Fund or from any other moneys available therefor.

(d) Moneys held for the credit of the Principal Account shall be transferred to the Interest Account pursuant to Section 414 hereof.

Section 407. *Redemption Fund.* (a) The Trustee shall apply all moneys deposited to the credit of the Special Redemption Account and the Optional Redemption Account in the Redemption Fund to the purchase or redemption of Bonds issued under the provisions of this Exhibit B, as follows:

(1) The Trustee, upon direction of an Authorized Officer, shall endeavor to purchase Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of Bonds shall then be subject to redemption, at a price not to exceed the Redemption Price (plus accrued interest, if any, to the date of redemption) which would be payable on the next redemption date to the owners of such Bonds if such Bonds or portions of Bonds should be called for redemption on such date from the moneys in the respective Account. Such maximum purchase price may be exceeded in accordance with the test contained in the proviso in Section 406(b) above. The Trustee shall pay the interest accrued on such Bonds to the date of settlement therefor from the Revenue Fund or the Interest Account of the Debt Service Fund, and the balance of the purchase price from the Special Redemption Account or Optional Redemption Account, as applicable, but no such purchase shall be contracted for by the Trustee after the giving of notice by the Trustee that such Bonds have been called for redemption except from moneys other than the moneys set aside in the Special Redemption Account or Optional Redemption Account, as applicable, for the redemption of such Bonds unless such purchase is from the party that has received such notice.

(2) The Trustee, having endeavored to purchase Bonds pursuant to sub-subsection (1) of this subsection (a), shall call for redemption on the earliest practicable date on which Bonds are subject to redemption from moneys in the Special Redemption Account or Optional Redemption Account, as applicable, and, with respect to accrued interest on such Bonds payable upon redemption, the Revenue Fund or the Interest Account of the Debt Service Fund, such amount (computed on the basis of Redemption Prices) of Bonds as will

exhaust the moneys held for the credit of such Special Redemption Account or Optional Redemption Account, as applicable, as nearly as may be practicable.

Any purchase or redemption of Bonds shall be made pursuant to the provisions of Article III of this Exhibit B. Prior to calling Bonds or portions of Bonds for redemption, the Trustee shall set aside in the Revenue Fund or the Interest Account of the Debt Service Fund, as applicable, the respective amounts required for paying the interest on and the Redemption Price of the Bonds or portions of Bonds so called for redemption. Upon the retirement of any Bonds under this Section 407 by purchase or redemption, the Trustee shall file with the Agency a statement briefly describing such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such Bonds shall be paid by the Trustee from the Expense Fund or from any other moneys available therefor.

(b) Moneys held for the credit of the Redemption Fund shall be transferred to the Interest or Principal Account, in that order, pursuant to Section 414 hereof.

(c) Any amounts deposited in the Redemption Fund for the redemption of Bonds which remain on deposit after the payment in full of the Redemption Price of the applicable Bonds shall be transferred to the Revenue Fund at the times and in the amounts set forth in an Agency Request and shall continue to be treated as Revenues.

Section 408. *Expense Fund.* Moneys held for the credit of the Expense Fund shall be applied by the Trustee for the following purposes in any order of priority:

(a) the payment of the fees and expenses of the Trustee and fees of the providers of credit enhancement on Bonds, Funds, Mortgage Loans and Mortgage-Backed Securities; and

(b) for transfer to the Interest or Principal Accounts pursuant to Section 414 hereof; and

(c) upon requisition by Agency Request, the payment or reimbursement of any Expenses; and

(d) upon Agency Request, for transfer to the Revenue Fund and thereafter to be treated as Revenues.

Section 409. *Debt Reserve Fund.* Moneys held for the credit of the Debt Reserve Fund shall be transferred or drawn upon for transfer, as applicable, by the Trustee to the Interest or Principal Account, in that order, pursuant to Section 414 hereof.

Moneys held for the credit of the Debt Reserve Fund as of any date in excess of the Debt Reserve Requirement upon Agency Request shall be transferred to the Revenue Fund or the Special Redemption Account.

Section 410. *Loan Loss Fund.* Moneys held for the credit of the Loan Loss Fund shall be transferred or drawn upon for transfer, as applicable, by the Trustee to the Interest or Principal Account, in that order, pursuant to Section 414 hereof.

Moneys held for the credit of the Loan Loss Fund as of any date in excess of the Loan Loss Requirement upon Agency Request shall be transferred to the Revenue Fund or the Special Redemption Account.

Section 411. *General Fund.* Except as otherwise provided in a Series Indenture, moneys held for the credit of the General Fund shall be transferred by the Trustee in the following order of priority listed in subsections (i) through (iv) and thereafter at any time upon Agency Request to any of the following Funds and Accounts:

(i) To the credit of the Interest Account, an amount sufficient to cause the amount on deposit in said Account to equal any interest previously due and unpaid on Bonds;

(ii) To the credit of the Principal Account, an amount sufficient to make the amount then on deposit in said Account equal to any regularly scheduled principal of the Bonds previously due and unpaid;

(iii) To the credit of the Debt Reserve Fund, an amount sufficient to cause the amount on deposit in said Fund to equal the Debt Reserve Requirement;

(iv) To the credit of the Loan Loss Fund, an amount sufficient to cause the amount on deposit in said Fund to equal the Loan Loss Requirement;

(v) To the credit of the Expense Fund;

(vi) To the credit of the Optional Redemption Account for the redemption or purchase of Bonds;

(vii) To the credit of the Special Redemption Account for redemption or purchase of Bonds;

(viii) To any specified Series Acquisition Account in the Acquisition Fund;

(ix) To the credit of any Series Account in the Costs of Issuance Fund;  
or

(x) Unless provided otherwise in a Series Indenture, to the Agency, for any other purpose authorized or required under the Act free and clear of the pledge and lien of this Exhibit B, *provided, however*, that no such payment shall be made under this clause (x) unless permitted pursuant to a Cash Flow Statement filed with the Trustee pursuant to Section 607 hereof.

Section 412. *Principal Prepayment Fund.* Upon the issuance of a Series of Bonds, the Trustee shall establish a Series Principal Prepayment Account within the Principal Prepayment Fund applicable to such Series of Bonds. Unless provided otherwise in a Series Indenture, the Trustee shall transfer amounts in the Principal Prepayment Fund at any time upon Agency Request to the Principal Account, the Special Redemption Account, the Optional Redemption Account or an Acquisition Account(s) of the Acquisition Fund. Moneys held for the credit of the Principal Prepayment Fund shall be transferred by the Trustee to the Interest or Principal Account, in that order, pursuant to Section 414 hereof. If the Trustee does not receive an Agency Request with respect to a mandatory redemption from Principal Prepayments set forth in a Series Indenture, the Trustee shall transfer Principal Prepayments in an amount sufficient to accomplish such mandatory redemption from the applicable Series Principal Prepayment Account of the Principal Prepayment Fund to the Special Redemption Account and shall call Bonds for redemption (subject to any other priority set forth in the applicable Series Indenture) on a pro rata basis, as nearly as practicable, from among each maturity of the Series (and subseries, if applicable) of Bonds which financed the Mortgage Loan or Mortgage-Backed Security which has prepaid.

Section 413. *Supplementary Reserve Fund.* Upon the issuance of a Series of Bonds, unless otherwise provided in the applicable Series Indenture, the Trustee shall establish a Series Account within the Supplementary Reserve Fund applicable to such Series of Bonds. Such Series Account shall be held by the Trustee and applied as set forth in said Series Indenture. Such Series Account shall be funded by transfers from the Supplementary Bond Security Account created by Section 51368 of the Act, or from other legally available moneys of the Agency, in the amounts, at the times and in the manner set forth in said Series Indenture. Income earned on the investment of amounts in such Series Account shall be paid, transferred, retained or otherwise treated as set forth in said Series Indenture. Notwithstanding the foregoing or anything herein to the contrary, amounts on deposit in any Series Account of the Supplementary Reserve Fund may be withdrawn and paid to the Agency free and clear of the lien and pledge of this Exhibit B if each Rating Agency has confirmed that such withdrawal, in and of itself, will not adversely affect the then-existing rating of the Bonds by such Rating Agency.

Section 414. *Deficiencies in Debt Service Fund.* In the event that amounts in the Debt Service Fund shall be insufficient on any interest payment date or principal payment date to pay the principal of and interest on the Bonds due and unpaid on such date, whether at the stated payment or maturity date or by the retirement of Bonds in satisfaction of the Sinking Fund Requirements therefor, the Trustee shall withdraw amounts from the following Funds and Accounts in the following order of priority to the extent necessary to eliminate such deficiency; *provided, however,* that no amounts on deposit in the Special Redemption Account, the Optional Redemption Account, the Principal Prepayment Fund or the Principal Account shall be used for such purpose to the extent that such amounts have been set aside for the payment of Bonds which have been identified for purchase or called for redemption, and no amounts on deposit in any Series Acquisition Account shall be used for such purpose to the extent that the Agency is contractually obligated to finance or originate identified Mortgage Loans or Mortgage-Backed Securities acceptable for financing with amounts on deposit in such Series Acquisition Account:

- (i) Revenue Fund;
- (ii) General Fund;
- (iii) Optional Redemption Account;
- (iv) Principal Prepayment Fund;
- (v) Special Redemption Account;
- (vi) Loan Loss Fund;
- (vii) Expense Fund;

(viii) Acquisition Fund (but only if the Agency has received a Bond Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);

(ix) Bond Proceeds Fund (but only if the Agency has received a Bond Counsel's Opinion that such use will not adversely affect the exclusion (if excluded) of interest on the Bonds from gross income of the Owners thereof for Federal income tax purposes);

- (x) Costs of Issuance Fund;
- (xi) Debt Reserve Fund;
- (xii) Principal Account;

(xiii) Acquisition Fund (if the Bond Counsel's Opinion referred to in (viii) above has not been received); and

(xiv) Bond Proceeds Fund (if the Bond Counsel's Opinion referred to in (ix) above has not been received).

Section 415. *Exchange of Moneys and Securities.* Unless provided otherwise in a Series Indenture, upon Agency Request, the Trustee shall exchange money and/or Investment Obligations on deposit in any Fund or Account for an equal amount of money and/or Investment Obligations on deposit in any other Fund or Account or in any fund or account held under another bond indenture of the Agency.

Section 416. *Moneys Held in Trust.* (a) All moneys which the Trustee shall have withdrawn or set aside for the purpose of payment of any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective owners of such Bonds and such moneys shall not be subject to lien or attachment by any creditor of the Agency or the Trustee. Any moneys which shall be so set aside by the Trustee and which shall

remain unclaimed by the owners of such Bonds for the period of two (2) years after the date on which such Bonds or the interest thereon shall have become due and payable shall be paid to the Agency or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the owners of such Bonds shall look only to the Agency or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

(b) If sufficient money or Government Obligations (the principal of or interest on which will provide sufficient money for payment of the principal amount or accrued interest on the Bonds which have matured, on their maturity date or each date thereafter) are held by the Trustee in trust for the Owners of Bonds on the maturity date of such Bonds, such Bonds shall cease to be Outstanding under the provisions of this Exhibit B, interest on the Bonds which have matured shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security under this Exhibit B, and the owners of such Bonds shall have no rights in respect thereof, except to receive payment of the principal amount thereof and accrued interest thereon to the maturity date.

Section 417. *Cancellation of Bonds.* All Bonds paid, redeemed or purchased, either at or before maturity, shall be cancelled upon the payment, redemption or purchase of such Bonds and shall be delivered to the Trustee when such payment, redemption or purchase is made. All Bonds cancelled under any of the provisions of this Exhibit B shall be destroyed by the Trustee, which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the Agency and the other executed certificate shall be retained by the Trustee.

Section 418. *Use of Available Funds.* Nothing in this Exhibit B shall be construed to prevent the Agency from paying all or any part of the operating expenses of the Agency from any moneys available to the Agency for such purpose which are not pledged to secure the payment of the Bonds, or from depositing in any Fund or Account created under the provisions of this Exhibit B any moneys available to the Agency for such deposit.

## **ARTICLE V**

### **DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS**

Section 501. *Security for Deposits.* Any and all money held by the Trustee in any Account or Fund created under this Exhibit B, except as otherwise expressly provided in this Exhibit B, shall be held in trust, shall be applied only in accordance with provisions of this Exhibit B and shall not be subject to any lien, charge or attachment by any creditor of the Agency.

All money deposited with the Trustee in any Account or Fund created under this Exhibit B shall, if not invested in Investment Obligations in accordance with Section 502 hereof (except, to the extent applicable, the last paragraph of Section 502) with the Trustee, be continuously secured (if permitted by law), for the benefit of the Agency and the owners of the Bonds either (a) by lodging with a bank or trust company selected by the Agency as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit as collateral security, Government Obligations or, with the approval of the Trustee, other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States of America, having a market value at all times (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) of this Section is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or Federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; *provided, however*, that it shall not be necessary, *except* as otherwise expressly provided, for the Trustee to give security for any money which shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Trustee pursuant to this Exhibit B shall be credited to the particular Account or Fund to which such money belongs.

Section 502. *Investment of Moneys.* Moneys deposited hereunder shall, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of an Authorized Officer (promptly confirmed by delivery of an Agency Request) in Investment Obligations which shall be in such amounts and bear interest at such rates with the objective that sufficient money will be available to pay the interest due on the Bonds and shall mature, or which shall be subject to redemption by the holder at the option of the holder, with the objective that sufficient money will be available for the purposes intended in accordance herewith.

Any Investment Obligations so purchased in any Account or Fund shall be deemed at all times to be part of such Account or Fund. Any interest paid as cash, amortization of discount received as cash, or gain received as cash on the investment in any Account or Fund (*except* the Rebate Fund) shall be credited to the Revenue Fund when received and thereafter treated as Revenues. Any interest paid on the investment of the Rebate Fund shall be credited to the Rebate Fund. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide money to meet any payment or transfer from any such Account or Fund. Neither the Trustee nor the Agency shall be liable or responsible for any loss resulting from any such investment.

For the purposes of making any investment hereunder, the Trustee may consolidate moneys in any Fund or Account with moneys in any other Fund or Account and may transfer an interest in an investment from one Fund or Account to another without liquidating the investment.

In computing the amount on deposit to the credit of any Account or Fund, obligations in which money in such Account or Fund shall have been invested shall be valued at Amortized Value plus the amount of interest on such obligations purchased with moneys in such Account or Fund.

The Trustee shall pay interest to the Agency, calculated at its then current retail passbook savings rate per annum, on the moneys it holds for the payment of the principal or Redemption Price of, or interest on, Bonds after the due date for such payment. Earnings on such moneys shall be deposited in the Revenue Fund.

## ARTICLE VI

### PARTICULAR COVENANTS AND PROVISIONS

Section 601. *Payment of Principal, Interest and Premium.* The Agency covenants that it will promptly pay, but solely from the Funds and Accounts established hereunder, as herein provided, the principal of and interest, if any, on each and every Bond issued under the provisions of this Exhibit B at the places, on the dates and in the manner specified herein and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption according to the true intent and meaning thereof. The State is not liable on the Bonds and the Bonds are not a debt of the State.

Section 602. *Covenant to Perform Obligations Under this Exhibit B.* The Agency covenants that it will faithfully perform at all times all covenants, undertakings, stipulations, provisions and agreements contained in this Exhibit B, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of the Agency pertaining thereto. The Agency covenants that it is duly authorized to issue the Bonds authorized hereby and to enter into this Exhibit B and grant the security granted hereunder and that all action on its part for the issuance of the Bonds issued hereunder and the execution and delivery of this Exhibit B has been duly and effectively taken; and that such Bonds in the hands of the owners thereof are and will be valid and enforceable special limited obligations of the Agency according to the tenor and import thereof.

Section 603. *No Extension of Maturities or Claims for Interest.* The Agency will not directly or indirectly extend or assent to the extension of the time for the payment of any principal of or claim for interest on any Bond and will not directly or indirectly be a party to any arrangement therefor without the consent of any Bondowner materially adversely affected thereby.

Section 604. *Further Instruments and Actions.* The Agency covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as may be necessary or desirable for the better pledging all and singular of the Pledged Property pledged hereby to the payment of the principal of, premium, if any, and the interest on the Bonds.

Section 605. *Covenant Against Encumbrances.* The Agency covenants that, except as expressly permitted herein, it will not sell, convey, mortgage, encumber or otherwise dispose of the money held for the credit of any Fund or Account created under this Exhibit B or take any other action which would adversely affect the security of the Bondowners.

Section 606. *State Pledge.* In accordance with the Act, the following pledge is included herein:

The State pledges and agrees with the Holders of any Bonds issued under this Exhibit B that the State will not limit or alter the rights vested by the Act in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Section 607. *Cash Flow Statements.* The Agency shall file with the Trustee a current Cash Flow Statement (i) whenever any Series of Bonds is issued, if the most recently filed Cash Flow Statement was filed more than twelve months prior to the date of issuance (provided that no Cash Flow Statement shall be required to be filed in connection with the issuance of the first Series of Bonds issued hereunder); (ii) at least once during each Fiscal Year; (iii) upon purchase or redemption of Bonds in a manner materially inconsistent with the last Cash Flow Statement filed by the Agency with the Trustee; and (iv) prior to applying amounts in the General Fund pursuant to clause (x) of Section 411 hereof.

A Cash Flow Statement shall consist of a certificate of an Authorized Officer of the Agency giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that, as of each date on which principal or interest will be due on Bonds in each such Fiscal Year, (x) amounts then expected to be on deposit in the Funds and Accounts maintained hereunder will be at least equal to all amounts required by this Exhibit B to be on deposit in such Funds and Accounts for the timely payment of the Bonds and for the funding of, or crediting to, the Debt Reserve Fund and Loan Loss Fund to their respective Requirements, *except* that, to the extent specified in a Series Indenture or Supplemental Indenture, a Fund or Account or assets or property shall not be taken into account when preparing such Cash Flow Statement; and (y) the aggregate of the amounts on deposit in all Funds and Accounts hereunder, other than the Cost of Issuance Fund, Expense Fund and Interest Account, plus the aggregate principal balances of all Mortgage Loans and Mortgage-Backed Securities, shall at least equal the sum of the aggregate principal amount of the Bonds Outstanding plus accrued interest. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based. Such assumptions shall include an assumption that all amounts held under this Exhibit B, to which an investment arrangement which guarantees a certain rate or rates is not in effect, are invested at a rate which does not exceed the applicable assumed interest rates determined by the then-current requirements of the Rating Agencies for bonds which bear the same rating as the then-current rating on the Bonds. *Except* with respect to the annual Cash Flow Statement and actions being taken contemporaneously with the delivery of a Cash Flow Statement, facts reflected in a Cash Flow Statement may be as of a date or reasonably adjusted to the date of the most recently available

data as determined by the Agency. In preparing a Cash Flow Statement, the Agency shall utilize with respect to Bonds the cash flow assumptions and tests required by the Rating Agencies in order to obtain or maintain a rating on the Bonds.

If any Cash Flow Statement shall show a deficiency in any Fiscal Year in the amount of funds expected to be available for the purposes described in this Exhibit B during such Fiscal Year, the Agency shall not be in default under this Exhibit B but shall take all reasonable actions to eliminate such deficiency.

Section 608. *Tax Covenants.* (i) The Agency shall at all times comply with the applicable tax covenants contained in any applicable Series Indenture.

(ii) The Agency covenants and agrees that it will not make or permit any use of the proceeds of the Bonds which, if such use had been reasonably expected on the day of the issuance of Bonds, the interest on which is excluded from gross income under the Code, would have caused such Bonds to be “arbitrage bonds” within the meaning of the Code and further covenants that it will observe and not violate the arbitrage provisions of the Code.

(iii) If applicable and unless otherwise provided in the applicable Series Indenture, the Agency shall pay moneys in any account in the Rebate Fund to the United States of America as required by the Code.

Section 609. *Enforcement of Rights Under Mortgage Loans and Mortgage-Backed Securities.* (a) To the extent permitted by law, the Agency hereby covenants to enforce all its rights and obligations under and pursuant to the Mortgage Loans and the Mortgage-Backed Securities and agrees that the Trustee, in the name of the Agency, may enforce all rights of the Agency under and pursuant to the Mortgage Loans and the Mortgage Backed-Securities for and on behalf of the Bondowners and other Parties pursuant to Section 704 hereof, whether or not an Event of Default exists hereunder. Notwithstanding the foregoing, the Trustee shall be under no obligation to service the Mortgage Loans or Underlying Mortgage Loans.

(b) The Trustee shall enforce all terms, covenants and conditions of the Mortgage-Backed Securities, including making any demands for payment required thereunder, on a timely basis. The Trustee shall duly and punctually exercise the rights and remedies of a beneficiary under any applicable guarantees, and shall in a timely manner give all notices and take any actions necessary to preserve and protect each guarantee of a Mortgage-Backed Security.

Section 610. *Maintenance of Existence of Agency.* The Agency will at all times use its best efforts to maintain its existence as a public instrumentality and a political subdivision of the State and to maintain, preserve and renew all its rights, powers, privileges and franchises, and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, administrative or judicial body applicable to this Exhibit B.

Section 611. *Books and Records.* (i) The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and applications of all moneys received by the Trustee hereunder, and such books shall be available for inspection by the Agency and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

(ii) On or before the tenth business day of each month the Trustee shall furnish to the Agency in accordance with Section 806 hereof a statement of the Agency's revenues and expenditures and of the changes in its fund balances during the previous month.

(iii) The Agency shall keep proper books of records and account for all its transactions, other than those recorded in the books maintained by the Trustee pursuant to subsection (i) hereof, and such books shall be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Section 612. *Annual Audit, Report and No-Default Certificate.* Within one hundred twenty (120) days of each June 30, the Agency shall furnish to the Trustee (i) a statement of its revenues, expenses and changes in net assets during the previous period commencing on July 1 and ending in each case on such June 30, certified to by an Accountant, (ii) a report of its activities during the previous period commencing on July 1 and ending in each case on such June 30, and (iii) a certificate from an Authorized Officer stating that there is no current Event of Default and that no Event of Default occurred during the preceding period commencing on July 1, and ending in each case on such June 30 (or if there has been an Event of Default, providing the details thereof and describing the steps the Agency took, or is taking, to cure such Event of Default).

Section 613. *Recordation of This Exhibit B and Filing of Security Instruments.* The Agency shall cause this Exhibit B and all supplements hereto and thereto, together with all other security instruments and financing statements, to be recorded and filed, as the case may be, if required by law for perfection of the security interests created therein, in such manner and in such places as may be required by law in order to perfect the lien of, and the security interests created by, this Exhibit B.

Section 614. *Program Covenants.* The Agency warrants and covenants (a) that no Mortgage Loan or Underlying Mortgage Loan shall be financed by the Agency under the Program unless the Mortgage Loan or Underlying Mortgage Loan complies in all respects with the Act in effect on the date of financing and (b) to comply with any additional program covenants contained in any Series Indenture.

Section 615. *Issuance of Additional Obligations.* The Agency, so long as any Bonds shall be Outstanding hereunder, shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledge of or other lien or charge on the Pledged Property, nor shall the Agency create or cause to be created any lien or charge on the Pledged Property other than the lien and pledge created hereunder. Nothing contained in this

Section shall prevent the Agency from issuing any bonds, notes or other evidences of indebtedness which are payable from or secured by a lien and pledge on the Pledged Property, provided that payment of such evidences of indebtedness and such lien and pledge shall be in all respects subordinate to the provisions of this Exhibit B and the lien and pledge created by this Exhibit B and any such evidences of indebtedness shall contain an appropriate recital with respect to such subordination.

Section 616. *Notice of an Event of Default.* The Agency shall promptly notify the Trustee of the occurrence of an Event of Default under this Exhibit B.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

Section 701. *Extended Interest Payment.* Neither the Trustee nor the Agency shall consent or agree directly or indirectly to extend the time for payment of the interest on any Bond. In case the time for the payment of the interest on any Bond shall be extended, whether or not such extension be by or with the consent of the Agency, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Exhibit B except subject to the prior payment in full of the principal of all Bonds then Outstanding and of the interest the time for the payment of which shall not have been extended.

Section 702. *Events of Default Defined.* Each of the following events is hereby declared an “Event of Default”, that is to say: If

(i) payment of the principal or Redemption Price of any of the Bonds (other than subordinated Bonds) shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(ii) payment of any installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(iii) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Agency in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Agency or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for the period of 60 consecutive days; or

(iv) the commencement by the Agency of a voluntary case under the Federal bankruptcy laws, as now constituted or hereafter amended, or any other

applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Agency or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the taking of action by the Agency in furtherance of any of the foregoing; or

(v) the Agency defaults in the due and punctual performance of any other covenants or agreements contained in the Bonds or in this Exhibit B and such default continues for 90 days after written notice requiring the same to be remedied shall have been given to the Agency by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five per centum (25%) in aggregate principal amount of Bonds then Outstanding; *provided, however*, that so long as following such notice the Agency is diligently taking actions to remedy such default, such default shall not be an Event of Default.

Section 703. *Acceleration of Maturity.* Upon the happening and continuance of any Event of Default (except as may be limited in a Series Indenture, as set forth in the last paragraph of Section 704 hereof), then and in every such case the Trustee may and, subject to Section 802 hereof, upon the written direction of the owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Agency, declare the principal of all the Bonds then Outstanding (if not then due and payable) to be due and payable immediately; and upon such declaration the same shall become immediately due and payable, anything contained in the Bonds or in this Exhibit B to the contrary notwithstanding; *provided, however*, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Exhibit B, money shall have accumulated in the Debt Service Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then Outstanding (except the principal and interest of any Bonds which have become due and payable by reason of such declaration and except the principal of any Bonds not then due and payable by their terms and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and the Agency and all other amounts then payable by the Agency hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement or provision contained in the Bonds or in this Exhibit B (except a default in the payment of the principal of such Bonds then due and payable only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds not then due and payable by their terms and then Outstanding shall, by written notice to the Agency, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 704. *Enforcement of Remedies.* Upon the happening and continuance of any Event of Default specified in Section 702 of this Article, then and in every such case the Trustee may, and upon the written direction of the owners of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding hereunder shall, proceed, subject to the provisions of Section 802 hereof, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under this Exhibit B by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Exhibit B the Trustee shall be entitled to sue for, enforce payment of and recover judgment for, in its own name as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Agency for principal of the Bonds, premium, if any, on the Bonds, interest on the Bonds or otherwise under any of the provisions of this Exhibit B or the Bonds and unpaid, with, to the extent permitted by the applicable law, interest on overdue payments of principal of the Bonds and of interest on the Bonds at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and to recover and enforce any judgment or decree against the Agency, but solely as provided herein and in the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to Section 802 hereof, if requested in writing by the owners of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding shall, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts which may be unlawful or in violation of this Exhibit B or of any resolution authorizing the Bonds or Series Indenture, or (ii) to preserve or protect the interest of the Bondowners, *provided* that such request is in accordance with law and the provisions of this Exhibit B and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the owners of the Bonds not making such request.

If a covenant is set forth in a Series Indenture, limitations on the remedies available upon an Event of Default related to such covenant may be set forth in said Series Indenture.

Section 705. *Trustee May File Claim in Bankruptcy.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Agency or to property of the Agency or the creditors of the Agency, 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 on the Agency for the payments equal to overdue principal or of interest on the Bonds) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of the principal, and premium, if any, 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 the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding; and

(b) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to them for the reasonable compensation, expenses, disbursements and advances of the Trustee, their agents and counsel, and any other amounts due the Trustee under Sections 802 and 805 hereof.

Section 706. *Pro Rata Application of Funds.* Anything in this Exhibit B to the contrary notwithstanding, if at any time the money in the Funds and Accounts maintained hereunder shall not be sufficient to pay the principal of or interest on the Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 703 of this Article) such money, together with any money then available, or thereafter becoming available for such purpose whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, following the satisfaction of any payments due to the Trustee under the provisions of Sections 802 and 805 of this Exhibit B, as follows:

(i) If the principal on the Bonds shall not have become or shall not have been declared due and payable, all such money shall be applied:

*first:* to the payment to the persons entitled thereto of all installments of interest on Bonds other than subordinated Bonds (*except* interest on overdue principal) then accrued and unpaid in the chronological order in which such installments of interest accrued and, if the amount available shall not be sufficient to pay in full any particular daily installment, then to the payment, ratably, according to the amounts due on such daily installment, to the persons entitled thereto as owners of Bonds other than subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds other than subordinated Bonds;

*second:* to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds other than subordinated Bonds which shall have become due and payable (*except* Bonds other than subordinated Bonds called for redemption for the payment of

which money is held pursuant to the provisions of this Exhibit B) in the order of their stated payment dates, with interest on the principal amount of such Bonds other than subordinated Bonds at the respective rates specified therein from the respective dates upon which such Bonds other than subordinated Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds other than subordinated Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, with such payment being made to owners of Bonds other than subordinated Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto as owners of Bonds other than subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds other than subordinated Bonds;

*third:* to the payment when due of the interest on and the principal of the Bonds other than subordinated Bonds, to the purchase and retirement of Bonds other than subordinated Bonds and to the redemption of the Bonds other than subordinated Bonds, all in accordance with the provisions of Article III of this Exhibit B;

*fourth:* to the payment to the persons entitled thereto of interest on subordinated Bonds (*except* interest on overdue principal) then accrued and unpaid in the chronological order in which such installments of interest accrued and, if the amount available shall not be sufficient to pay in full any particular daily installment, then to the payment, ratably, according to the amounts due on such daily installment, to the persons entitled thereto as owners of subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Bonds;

*fifth:* to the payment to the persons entitled thereto of the unpaid principal of any of the subordinated Bonds which shall have become due and payable (*except* subordinated Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Exhibit B) in the order of their stated payment dates, with interest on the principal amount of such subordinated Bonds at the respective rates specified therein from the respective dates upon which such subordinated Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the subordinated Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, with such payment being made to owners of subordinated Bonds, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto as owners of subordinated Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Bonds; and

*sixth:* to the payment of the interest on and the principal of the subordinated Bonds, to the purchase and retirement of subordinated Bonds and to the redemption of subordinated Bonds.

(ii) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such money shall be applied

*first:* to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the Bonds which are not subordinated Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any Bond which is not a subordinated Bond over any other Bond which is not a subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the Bonds which are not subordinated Bonds; and

*second:* to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the subordinated Bonds, without preference or priority of principal over interest or of interest over principal, or of any daily accrual of interest over any other daily accrual of interest, or of any subordinated Bond over any other subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to the respective rates of interest specified in the subordinated Bonds.

(iii) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 703 hereof, then, subject to the provisions of subsection (ii) of this Section 706 in the event that the principal of all the Bonds shall later become or be declared due and payable, the money remaining in and thereafter accruing to the Debt Service Fund and the Debt Reserve Fund, together with any other money held by the Trustee hereunder, shall be applied in accordance with the provisions of subsection (i) of this Section 706.

The provisions of subsections (i), (ii) and (iii) of this Section 706 are in all respects subject to the provisions of Section 701 hereof.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section 706, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such money with any paying agent, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Agency, to any Bondowner, or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Exhibit B as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 707. *Effect of Discontinuance of Proceedings.* In case any proceeding taken by the Trustee or Bondowners on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Agency, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

Section 708. *Owners of Majority in Principal Amount of Bonds May Control Proceedings.* Anything in this Exhibit B to the contrary notwithstanding, the owners of a majority in principal amount of the Bonds then Outstanding hereunder shall have the right, subject to the provisions of Section 802 hereof, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder or exercising any trust or power conferred upon the Trustee, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Exhibit B, and the Act and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondowners not joining in such direction and provided, further, that nothing in this Section 708 shall impair the right of the Trustee in its discretion to take any other action under this Exhibit B which it may deem proper and which is not inconsistent with such direction by Bondowners.

Section 709. *Restrictions Upon Actions by Individual Bondowner.* No owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for the enforcement of any remedy hereunder unless such owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the owners of not less than fifteen per centum (15%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Exhibit B or to any other remedy hereunder; *provided, however,* that notwithstanding the foregoing provisions of this Section 709 and without complying therewith, the owners of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all owners of Bonds hereunder. It is understood and intended that, except as otherwise above provided, no one or more owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Exhibit B, or to enforce any right hereunder except in the manner herein provided, if any, that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided, if any, and for the benefit of all owners of such Outstanding Bonds,

and that any individual right of action or other right given to one or more of such owners by law is restricted by this Exhibit B to the rights and remedies herein provided.

Section 710. *Actions by Trustee.* All rights of action under this Exhibit B or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the owners of such Bonds, subject to the provisions of this Exhibit B.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under this Exhibit B, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Pledged Property, pending such proceedings with such powers as the court making such appointment shall confer whether or not any such amounts payable shall be deemed sufficient ultimately to satisfy the Bonds Outstanding hereunder.

Section 711. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the owners of the Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or by law.

Section 712. *No Delay or Omission Construed to be a Waiver.* No delay or omission of the Trustee or of any owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power and remedy given by this Exhibit B to the Trustee and to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 713. *Waiver of Defaults.* The Trustee, upon written direction of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall, waive any default, which in their opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by them under the provisions of this Exhibit B or before the completion of the enforcement of any other remedy under this Exhibit B, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 714. *Notice of an Event of Default.* The Trustee shall mail to the Agency and to all Bondowners written notice of the occurrence of any Event of Default set forth in Section 702 of this Article within thirty (30) days after the Trustee shall have received written notice thereof from the Agency, subject to the provisions of Section 708 of this Exhibit B, that any such Event of Default shall have occurred. The Trustee shall not, however, be subject to any liability to any Bondowner by reason of a failure to mail any such notice.

Section 715. *Right to Enforce Payment of Bonds Unimpaired.* Except as otherwise limited by the provisions of Section 709, nothing in this Article VII shall affect or

impair the right of any Bondowner to enforce the payment of the principal of and interest on his Bond, or the obligation of the Agency to pay the principal of and interest on each Bond to the owner thereof at the time and place in said Bond expressed.

## ARTICLE VIII

### CONCERNING THE TRUSTEE

Section 801. *Acceptance of Trusts.* The Trustee shall signify its acceptance of the duties and obligations and agrees to execute the trusts imposed upon it by this Exhibit B by executing this Exhibit B.

Section 802. *Trustee Entitled to Indemnity.* The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Exhibit B, or to enter any appearance or in any way defend in any suit in which it may be named as a defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Agency shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

Section 803. *Limitation on Obligations and Responsibilities of Trustee.* The Trustee shall be under no obligation (a) to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Agency, (b) to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or (c) to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall be under no obligation to record or file this Exhibit B, or any other security instruments and financing statements, or continuation statements with respect thereto, except pursuant to directions from the Agency, in form and substance satisfactory to the Trustee, set forth in an Agency Request. The Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment by the Agency of this Exhibit B, or, except as to the authentication thereof, in respect of the validity of the Bonds or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Agency or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

Section 804. *Trustee Not Liable for Failure of Agency to Act.* The Trustee shall not be liable or responsible because of the failure of the Agency or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Agency or, except as provided in the fifth paragraph of Section 502, because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which

such moneys shall have been deposited under the provisions of this Exhibit B. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Exhibit B. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 805. *Compensation and Indemnification of Trustee.* Subject to the provisions of any contract between the Agency and the Trustee relating to the compensation of the Trustee, the Agency shall pay, from the Pledged Property, to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and from such source only, shall, if and to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder.

Section 806. *Monthly Statements from Trustee.* It shall be the duty of the Trustee, on or before the 10th day of each month, to file with the Agency a statement setting forth in respect of the preceding calendar month

- (i) the amount withdrawn or transferred by it and the amount deposited within or to the account of each Fund and Account held by it under the provisions of this Exhibit B,
- (ii) the amount on deposit with it at the end of such month to the credit of each such Fund and Account,
- (iii) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account,
- (iv) the amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed, and
- (v) any other information which the Agency may reasonably request.

All records and files pertaining to the trusts hereunder in the custody of the Trustee shall be open at all reasonable times to the inspection of the Agency and its agents and representatives.

Section 807. *Trustee May Rely on Certificates.* In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Exhibit B provides for permitting or taking any action, the Trustee may rely conclusively upon any certificate, requisition, opinion or other instrument required or permitted to be filed with it under the provisions of this Exhibit B, and any such instrument shall be conclusive evidence of such fact to protect the Trustee in any action that it may or may not take

or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Exhibit B, any request, notice, certificate or other instrument from the Agency to the Trustee shall be deemed to have been signed by the proper party or parties if signed by an Authorized Officer, and the Trustee may accept and rely upon a certificate signed by an Authorized Officer as to any action taken by the Agency.

Section 808. *Notice of Default.* Except upon the happening of any Event of Default specified in clauses (i) and (ii) of Section 702 of this Exhibit B, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default, unless specifically notified in writing of such Event of Default by the Agency or by the owners of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds hereby secured and then Outstanding.

Section 809. *Trustee May Deal in Bonds.* The bank or trust company acting as Trustee under this Exhibit B, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by this Exhibit B, may join in any action which any Bondowner or Party may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Exhibit B, may engage or be interested in any financial or other transaction with the Agency, and may maintain any and all other general banking and business relations with the Agency with like effect and in the same manner as if the Trustee were not a party to this Exhibit B; and no implied covenant shall be read into this Exhibit B against the Trustee in respect of such matters.

Section 810. *Trustee Not Responsible for Recitals.* The recitals, statements and representations contained herein and in the Bonds (excluding the Trustee's certificate of authentication on the Bonds) shall be taken and construed as made by and on the part of the Agency and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 811. *Trustee Protected in Relying on Certain Documents.* The Trustee shall be protected and shall incur no liabilities in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Exhibit B, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been executed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Exhibit B, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statement contained or matters referred to in such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Exhibit B.

Section 812. *Resignation and Removal of Trustee Subject to Appointment of Successor.* No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 816.

Section 813. *Resignation of Trustee.* Subject to Section 812 hereof, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing to be given to the Agency and mailed, first class postage-prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books kept by the Bond Registrar(s), not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder, if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 814. *Removal of Trustee.* Subject to Section 812 hereof, the Trustee may be removed upon thirty (30) days' written notice (i) at any time by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in principal amount of the Bonds hereby secured and then Outstanding and filed with the Agency or (ii) by the Agency in its sole and absolute discretion at any time except during the continuance of an Event of Default by filing with the Trustee notice of removal in the form of an Agency Request. A facsimile copy of each such instrument shall be delivered promptly by the Agency to the Trustee. The Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of the Agency pursuant to resolution or of the owners of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding under this Exhibit B.

Section 815. *Appointment of Successor Trustee.* If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Agency shall appoint a Trustee to fill such vacancy and shall cause notice of such appointment to be mailed, first class postage-prepaid, to all registered owners of Bonds at their addresses as they appear on the registration books kept by the Bond Registrar(s).

At any time within one year after any such vacancy shall have occurred, the owners of a majority in principal amount of the Bonds hereby secured and then Outstanding, by an instrument or concurrent instruments in writing, executed by such Bondowners and filed with the Agency, may appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the Agency. Facsimile copies of each such instrument shall be delivered promptly by the Agency to the predecessor Trustee and to the Trustee so appointed by the Bondowners.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within ten (10) days after the vacancy shall have occurred, the owner of any Bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribed, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company having a corporate trust office in the State, duly authorized to exercise corporate trust powers and subject to examination by Federal or State authority, of good standing, and having at the time of its

appointment a combined capital and surplus aggregate not less than Fifty Million Dollars (\$50,000,000) as shown on its most recently published report of its financial condition.

Section 816. *Vesting of Trusts in Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Agency, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Agency, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provision of Section 805 of this Article, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should any instrument in writing from the Agency be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Agency.

*Notwithstanding* any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Exhibit B and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged, converted or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

Section 817. *Right of Bondholders to Appoint Trustee Pursuant to the Act Abrogated.* The Trustee shall be and is hereby vested with all of the rights, powers and duties set forth in this Exhibit B, and, pursuant to the Act, the right of the Bondholders to appoint a trustee under the Act is hereby abrogated.

Section 818. *No Implied Duty; Standard of Care.* The Trustee shall have no duty or obligation except as expressly provided herein and no implied duties or obligations shall be read into this Exhibit B against the Trustee. The Trustee shall not incur any liability for any act or omission in performing its duties hereunder, except in the case of its own negligence or willful misconduct.

Section 819. *Brokerage Confirmations.* The Agency acknowledges that regulations of the Comptroller of the Currency grant the Agency the right to receive brokerage confirmations of security transactions to be effected by the Trustee hereunder as they occur. The Agency specifically waives the right to receive such notification to the extent permitted by applicable law and agrees that it will instead receive periodic cash transaction statements which include detail for the investment transactions effected by the Trustee hereunder; *provided, however,* that the Agency retains its right to receive brokerage confirmation on any investment transaction requested by the Agency

## ARTICLE IX

### EXECUTION OF INSTRUMENTS BY BONDOWNERS, PROOF OF OWNERSHIP OF BONDS AND DETERMINATION OF CONCURRENCE OF BONDOWNERS

Section 901. *Execution of Instruments by Bondowners, Proof of Ownership of Bonds and Determination of Concurrence of Bondowners.* Any request, direction, consent or other instrument in writing required or permitted by this Exhibit B to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Exhibit B and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signor thereof.

(ii) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 207 of this Exhibit B.

Nothing contained in this Section 901 shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the owner of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section 901, the Trustee shall not be required to recognize any person as a holder of any Bond or to take any action at his request unless such Bond shall be deposited with it.

## ARTICLE X

### SUPPLEMENTAL INDENTURES

Section 1001. *Bondowners' Consent Not Required.* The Agency may, from time to time and at any time, execute such indentures supplemental hereto (which shall thereafter form a part hereof):

(a) to make provisions to cure any ambiguity or correct, cure or supplement any defect or omission in this Exhibit B or in regard to questions arising under this Exhibit B which the Agency may deem desirable or necessary and not inconsistent with this Exhibit B; or

(b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or the Trustee; or

(c) to include as pledged revenues or money under, and subject to the provisions of, this Exhibit B any additional revenues or money legally available therefor; or

(d) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Exhibit B which shall not be inconsistent with the provisions of this Exhibit B, provided such action shall not materially adversely affect the interest of the Bondowners; or

(e) to add to the covenants and agreements of the Agency in this Exhibit B other covenants and agreements thereafter to be observed by the Agency or to surrender any right or power herein reserved to or conferred upon the Agency; or

(f) to add provisions relating to Bonds with coupons appertaining thereto or Bonds issued with full book-entry delivery, if necessary, if the Agency shall determine to so issue Bonds in such form under this Exhibit B; or

(g) to modify any of the provisions of this Exhibit B in any respect whatever not otherwise set forth in this Section 1001; *provided, however*, that either (i) such modification shall apply only to Series of Bonds issued after the effective date of the Supplemental Indenture and shall not materially adversely affect the interests of the owners of Bonds of any Series Outstanding on the effective date of the Supplemental Indenture or (ii) (a) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution of such Supplemental Indenture shall cease to be Outstanding, and (b) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; or

(h) to modify, amend or supplement this Exhibit B in such manner as to permit, if presented, the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law; or

(i) to surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of this Exhibit B, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in this Exhibit B; or

(j) to add to the definition of Investment Obligations pursuant to the last proviso of the definition thereof; or

(k) to modify, amend or supplement this Exhibit B in such manner as to permit a trustee (other than the Trustee) with respect to any subordinated Bonds issued hereunder; or

(l) to modify, amend or supplement this Exhibit B in order to maintain the tax-exempt status of any Bonds; or

(m) to make any other change that does not materially adversely affect the interest of the Bondowners (as to any change relating to security for the Bonds, evidence that such change, at the time of such change, will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating(s) assigned to them by the Rating Agencies, shall constitute sufficient evidence that such change does not materially adversely affect the interest of the Bondowners).

Section 1002. *Supplements and Amendments Requiring Consent of Owners of a Majority in Principal Amount of Bonds.* Subject to the terms and provisions contained in this Section, and not otherwise, (i) the Owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding; (ii) if less than all of the Bonds then Outstanding are affected, of the Owners of greater than fifty per centum (50%) in principal amount of Bonds so affected then Outstanding; and (iii) in case the terms of any Sinking Fund Requirements are changed, of the Owners of greater than fifty per centum (50%) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Requirements and then Outstanding shall have the right, from time to time, anything contained in this Exhibit B to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to, repealing or rescinding, in any particular, any of the terms or provisions contained in this Exhibit B. Notwithstanding the foregoing, nothing herein contained shall permit, or be construed as permitting, without the consent of all adversely affected Bondowners, (a) change in the terms of redemption or of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of the Revenues, or any part thereof, other than the lien and pledge created or permitted by this Exhibit B, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds except as may be permitted by the applicable Series Indenture(s), or (e) a reduction in the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondowners of the execution of any Supplemental Indenture as authorized in Section 1001 of this Article. If any such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of this Exhibit B if the same adversely affects or diminishes the rights of the Owner of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series and

maturity would be affected by any modification or amendment of this Exhibit B and any such determination shall be binding and conclusive on the Agency and all Owners of Bonds.

The Trustee shall, at the expense of the Agency, cause notice of the proposed execution of such Supplemental Indenture to be mailed, first class postage prepaid, to all affected Bondowners at their addresses as they appear on the registration books. Such notices shall briefly set forth the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondowners. The Trustee shall not, however, be subject to any liability to any Bondowners by reason of its failure to mail the notice required by this Section 1002, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section 1002.

Whenever, at any time within one year after the date of the first giving of such notice, the Agency shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the owners of not less than fifty-one per centum (51%) in aggregate principal amount of the affected Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may perform its duties under such Supplemental Indenture in substantially such form, without liability or responsibility to any Bondowner, whether or not such Bondowner shall have consented thereto.

If the required number of owners at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Bondowner shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Exhibit B shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Exhibit B of the Agency, the Trustee and all Bondowners shall thereafter be determined, exercised and enforced in all respects under the provisions of this Exhibit B as so modified and amended.

Section 1003. *Supplements and Amendments Deemed Part of Exhibit B.* Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Exhibit B, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Exhibit B for any and all purposes. In case of the execution of any Supplemental Indenture, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Trustee.

Section 1004. *Discretion of Trustee in Performing Under Supplemental Indentures.* In each and every case provided for in this Article, the Trustee shall be entitled to

exercise its discretion in determining whether or not to perform under any proposed Supplemental Indenture, or any term or provision therein contained, if the rights, obligations and interests of the Trustee would be affected, having in view the purposes of such instrument, the rights and interests of the Bondowners, the respective rights and interests of the Agency and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Agency, any Bondowner, or to anyone whomsoever for its refusal in good faith to perform under any such Supplemental Indenture, if such Supplemental Indenture is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Agency, as conclusive evidence that any such proposed Supplemental Indenture does or does not comply with the provisions of this Exhibit B, and that it is or is not proper for it, under the provisions of this Article, to perform under such Supplemental Indenture.

Section 1005. *Notation on Bonds.* Bonds authenticated and delivered after the effective date of any action taken as in Article X provided may, and, if the Trustee or the Agency so determines, shall bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at a corporate trust office of the Trustee or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any such transfer by the Trustee as to any such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding, shall be exchanged, without cost to such Bondowner, for Bonds then Outstanding, upon surrender of such Bonds for Bonds of the same maturity then Outstanding.

## **ARTICLE XI**

### **DEFEASANCE**

Section 1101. *Defeasance.* (a) If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Exhibit B, and all Bonds not described in the prior clause shall have been duly called for redemption or irrevocable instructions to call such Bonds for redemption shall have been given by the Agency to the Trustee and (a) the whole amount of the principal of, Redemption Price, and the interest on all of such Bonds shall be paid, or (b) the Trustee shall hold money or Government Obligations or shall hold money and Government Obligations, sufficient to pay the principal of, Redemption Price, and interest on all Outstanding Bonds on their respective interest payment, stated maturity or prescribed redemption dates, provided that such Government Obligations shall be in such amount that the principal of and the interest on such Government Obligations so held by the Trustee, when due and payable, will provide sufficient money which, with any and all other money held by the Trustee for such purpose under the provisions of this Exhibit B, shall be sufficient to pay such principal of, Redemption Price, and the interest on such Bonds and, if sufficient funds shall also have been provided for paying all

other obligations payable under this Exhibit B by the Agency, then and in that case the right, title and interest of the Trustee under this Exhibit B shall thereupon cease, terminate and become void, and the Trustee in such case, on demand of the Agency, shall release this Exhibit B and shall release the security, and shall execute such documents to evidence such release as may be reasonably required by the Agency, and shall turn over to the Agency or to such officer, board, or body as may then be entitled to receive the same, all the remaining property held by the Trustee under this Exhibit B. Otherwise, this Exhibit B shall be, continue and remain in full force and effect; *provided, however*, that in the event money or Government Obligations shall be deposited with and held by the Trustee as provided in this subsection (a), applicable provisions of this Exhibit B, particularly Articles II, III, VIII and XI, pertaining to the payment of the principal and Redemption Price of, or interest on the Bonds issued under this Exhibit B and other obligations payable hereunder by the Agency, shall be continued in force until such Bonds and other obligations have been fully paid.

(b) All money and Government Obligations held by the Trustee pursuant to this Section shall be held in trust exclusively for and applied to the payment, when due, of the Bonds payable therewith.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 1201. *Successorship of Agency; Effect of Covenants; Construction of Exhibit B.* All covenants, stipulations, obligations and agreements of the Agency contained in this Exhibit B shall be deemed to be covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, body, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future directors, agent or employee of the Agency in his or her individual capacity, and neither the Agency nor any officer thereof, present or future, executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or responsibility by reason of the issuance thereof.

The laws of the State shall govern the construction of this Exhibit B.

Section 1202. *Manner of Giving Notice.* Any notice, demand, direction, request or other instrument authorized or required by this Exhibit B to be given to or filed with the Agency or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Exhibit B if made, given, furnished or filed in writing as follows and if and when delivered by hand or sent by registered mail, first-class, postage prepaid, return receipt

requested, or sent by any delivery service which provides receipt for delivery, addressed as follows (unless changed by notice as hereinafter provided):

(a) to the Agency, if addressed to Executive Director, California Housing Finance Agency, 1415 L Street, Suite 500, Sacramento, CA 95814, with a second copy addressed to the Director of Financing, at the same address;

(b) to the Trustee, if addressed to it at a corporate trust office, or to any successor Trustee, if addressed to it at a corporate trust office.

All documents received by the Trustee under the provisions of this Exhibit B or photographic copies thereof, shall be retained in its possession until this Exhibit B shall be released under the provisions of Section 1101 of this Exhibit B, subject at all reasonable times to the inspection of the Agency, any agency or officer of the State, any Bondowner, and the agents and representatives thereof.

Section 1203. *Parties and Bondowners Alone Have Rights Under Indenture.* Except as herein otherwise expressly provided, nothing in this Exhibit B expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners of the Bonds issued under the provisions of this Exhibit B any right, remedy or claim, legal or equitable, under or by reason of this Exhibit B or any provisions hereof, this Exhibit B and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners from time to time of the Bonds issued hereunder.

Section 1204. *Effect of Partial Invalidity.* In case any one or more of the provisions of this Exhibit B or of the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Exhibit B or of the Bonds, but this Exhibit B and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Exhibit B shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Agency to the full extent permitted by law.

Section 1205. *Substitute for Mailing.* 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 to Bondowners when such notice is required to be given pursuant to any provision of this Exhibit B, any manner of giving notice as shall be satisfactory to the Trustee and the Agency shall be deemed to be a sufficient giving of such notice.

Section 1206. *Headings, Table of Contents and Notes for Convenience Only.* Any heading preceding the text of the several articles hereof and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall not constitute a part of this Exhibit B, nor shall they affect its meaning, construction or effect.

Section 1207. *Payment Due or Acts to be Performed on Weekends and Holidays.* If the date for making any payment of principal or premium, if any, or interest or the last date for performance of any act or the exercising of any right, as provided in this Exhibit B, shall be a legal holiday or a day on which banking institutions in the city where the Trustee is located, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or not a day on which such banking institutions are authorized by law to remain closed, unless otherwise provided in a Series Indenture, with the same force and effect as if done on the nominal date provided in this Exhibit B.

Section 1208. *Agency Request or Direction of Authorized Officer.* In connection with any Agency Request or direction of an Authorized Officer delivered hereunder, if such Agency Request or direction involves a calculation in which the outstanding principal balance of Mortgage Loans or Mortgage-Backed Securities is relevant, then such Agency Request shall include the amount of the outstanding principal balance of Mortgage Loans and Mortgage-Backed Securities, as of the relevant date.

Section 1209. *Notice to Rating Agencies.* The Agency shall give notice to each Rating Agency prior to the occurrence of any of the following thirty days prior to the occurrence thereof (or such lesser period of time as may be acceptable to each Rating Agency), with a copy of the relevant documentation:

- (a) the issuance of Additional Bonds;
- (b) the effective date of a Supplemental Indenture or a Series Indenture; and
- (c) the resignation or removal of the Trustee or the appointment of a successor

Trustee.

[end of Exhibit B]