

CALIFORNIA HOUSING FINANCE AGENCY

*Resolution No. 76-3*

Resolution Authorizing the Issuance of  
California Housing Finance Agency  
Housing Loan Revenue Bonds

*Adopted: February 17, 1976*

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# CALIFORNIA HOUSING FINANCE AGENCY

## RESOLUTION NO. 76-3

### Resolution Providing for the Issuance of California Housing Finance Agency Housing Loan Revenue Bonds

WHEREAS, the Legislature of the State of California has enacted the Zenovich-Moscone-Chacon Housing and Home Finance Act to provide a comprehensive and balanced approach to the solution of housing problems of very low income households and persons and families of low or moderate income in the State of California; and

WHEREAS, this Board of Directors of the California Housing Finance Agency has determined to provide for the issuance of Housing Loan Revenue Bonds, the proceeds of which are to be used for such purpose; and

WHEREAS, all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the issuance of said revenue bonds exist, have happened and have been performed in regular and due time, form and manner as required by law, and this Board of Directors is now duly empowered to issue said revenue bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA HOUSING FINANCE AGENCY, as follows:

#### ARTICLE I

##### AUTHORITY FOR AND EQUALITY OF BONDS, AND DEFINITIONS

SECTION 1.01. *Due Authorization.* This Board has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and does hereby find and determine that each and all of the matters hereinabove recited are true and correct, and the Agency has duly and regularly complied with all applicable provisions of law and is duly authorized by law to issue revenue bonds in the manner and upon the terms in this Master Resolution provided.

SECTION 1.02. *Equal Security.* In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Master Resolution shall be deemed to be and shall constitute a contract between the Agency and the holders and registered owners from time to time of the Bonds and interest coupons appertaining thereto, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all holders and registered owners of the Bonds and interest coupons without preference, priority or distinction as to security or otherwise of any of the Bonds or interest coupons over any of the others by reason of time of issue, sale or negotiation hereof or otherwise for any cause whatsoever, except as expressly provided therein or herein, and except as Bonds of various series may differ with respect to date, number, interest rates, maturity, redemption provisions or otherwise as expressly authorized hereunder. The holders of Bonds authorized hereunder shall be entitled to the benefits of all of the provisions of the Act.

SECTION 1.03. *Definitions.* Unless the context otherwise requires, the terms in this Section defined shall, for all purposes of this Master Resolution, and of any Supplemental Resolution, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

**Act**

The term "Act" means the Zenovich-Mosccone-Chacon Housing and Home Finance Act, constituting Division 31 (commencing Section 41000) of the Health and Safety Code of the State of California, and all laws amendatory thereof or supplemental thereto.

**Agency**

The term "Agency" means the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California created pursuant to the Act.

**Board**

The term "Board" means the Board of Directors of the Agency.

**Bonds; Serial Bonds; Term Bonds**

The term "Bonds" means the California Housing Finance Agency Housing Loan Revenue Bonds, authorized by, and at any time outstanding pursuant to, this Master Resolution or any Supplemental Resolution.

The term "Serial Bonds" means Bonds, falling due by their terms in specified years, for which no minimum sinking fund is provided.

The term "Term Bonds" means Bonds payable at or before their specified maturity dates from minimum sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

**California Housing Finance Fund**

The term "California Housing Finance Fund" means the fund created in the State Treasury by Section 41360 of the Act.

**Certificate of the Agency, Statement of the Agency, Request of the Agency, Requisition of the Agency**

The terms "Certificate of the Agency," "Statement of the Agency," "Request of the Agency" and "Requisition of the Agency" mean, respectively, a written certificate, statement, request or requisition signed in the name of the Agency by its Chairperson or its Secretary or such other person as may be designated and authorized to sign for the Agency, with the seal of the Agency affixed. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Any Certificate or Statement of the Agency may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, engineers or other persons, unless the officer signing such certificate or statement knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. The same officer of the Agency, or the same counsel or accountant or engineer or other persons, as the case may be, need

not certify to all of the matters required to be certified under any provision of this Master Resolution or any Supplemental Resolution, but different officers, counsel, accountants or engineers may certify to different facts, respectively.

Every Certificate or Statement of the Agency, and every opinion of counsel, accountants or engineers or other persons provided for herein shall include—

(1) a statement that the person making or giving such certificate, statement or opinion has read all pertinent provisions of this Master Resolution and any Supplemental Resolution to which such certificate, statement or opinion may relate;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, statement or opinion is based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and

(4) with respect to any statement relating to compliance with any provision of this Master Resolution or any Supplemental Resolution, a statement as to whether, in the opinion of such person, such provision has been complied with.

### **Federal Securities**

The term "federal securities" means United States Treasury notes, bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest; obligations issued by banks for co-operatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or participation certificates evidencing beneficial interests in obligations, or in the right to receive interest and principal collections therefrom, which obligations have been subjected by one or more

government agencies to a trust or trusts for which any executive department, agency, or instrumentality of the United States (or the head thereof) has been named to act as trustee, all as and to the extent that such securities or additional securities are or shall be eligible for the legal investment of Agency funds.

**Financial Newspaper or Journal**

The term "Financial newspaper or journal" means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal printed in the English language, publishing financial news, circulated in New York, New York and selected by the Trustee, whose decision shall be final and conclusive.

**Fiscal Year**

The term "fiscal year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other period hereafter selected and designated as the official fiscal year period of the Agency.

**Holder or Bondholder**

The terms "holder" or "bondholder" means any person who shall be the bearer of any outstanding coupon Bond and, unless the context otherwise requires, the registered owner of any outstanding fully registered Bond.

**Housing Bond Credit Committee**

The term "Housing Bond Credit Committee" means the committee established pursuant to Section 41707 of the Act, which, prior to the issuance of any bonds, shall determine the general adequacy of the security of the proposed issuance.

**Independent Certified Public Accountant**

The term "independent certified public accountant" means any certified public accountant or firm of such accountants appointed and paid by the Agency, and who, or each of whom—

- (i) is in fact independent and not under domination of the Agency;
- (ii) does not have any substantial interest, direct or indirect, with the Agency; and

(iii) is not connected with the Agency as a director, officer or employee of the Agency, but who may be regularly retained to make annual or other similar audits of any of the books of or reports to the Agency.

#### **Master Resolution**

The term "Master Resolution" means this Resolution, adopted as recited and determined in Section 1.01 by the Board under the Act, as originally adopted, or as it may from time to time be amended by any Supplemental Resolution.

#### **Opinion of Counsel**

The term "opinion of counsel" means a written opinion of counsel who is retained by the Agency (who may be counsel for the Agency) and who is acceptable to the Trustee. Any opinion of counsel shall meet the requirements for certificates of the Agency but may be based, insofar as it relates to factual matters, upon information with respect to which is in the possession of the Agency, upon a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

#### **Outstanding**

The term "outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.03) all Bonds theretofore executed, issued and delivered by the Agency under this Master Resolution except—

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Agency pursuant to Section 2.09.

**Paying Agents**

The term "Paying Agents" means the paying agents appointed by the Agency pursuant to Section 8.02, the successors and assigns of any of them, and any other corporations or associations which may at any time be substituted in the place of any of them, as provided herein.

**Person**

The term "person" means any individual, firm, corporation, association, co-partnership, trust, business trust or receiver or trustee or conservator for any thereof, and also includes the United States of America, or any public corporation, political subdivision, city, county or district or any agency or instrumentality of the United States of America.

**Resolution**

The term "Resolution" means this Master Resolution, adopted by the Agency under the Act, as originally adopted or as it may from time to time be supplemented or amended by any Supplemental Resolution adopted pursuant to the provisions hereof.

**Revenues**

The term "Revenues" means such amounts, charges, income and receipts as shall be set forth in any Supplemental Resolution authorizing the issuance of any series of Bonds.

**Supplemental Resolution**

The term "Supplemental Resolution" means any resolution then in full force and effect which has been duly adopted by the Board under the Act, or any act amendatory thereof or supplemental thereto, at a meeting of the Board duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to this Master Resolution, but only if and to the extent that such Supplemental Resolution is specifically authorized hereunder.

**Treasurer**

The term "Treasurer" means the Treasurer of the State of California.

**Trustee**

The term "Trustee" means the Treasurer in his function as trustee for the Agency and the holders of the Bonds under Section 41708 of the Act.

**ARTICLE II****THE BONDS**

SECTION 2.01. *Authorization.* Bonds of the Agency may be issued under and subject to the terms of this Master Resolution from time to time as the issuance thereof is authorized by the Board by a Supplemental Resolution. The maximum principal amount of Bonds which may be issued hereunder is unlimited, except as provided in the Act, and subject to the limitations set forth in Section 3.02. The Bonds are designated generally as the "California Housing Finance Agency Housing Loan Revenue Bonds." The Bonds may be issued in such series as from time to time shall be authorized by or pursuant to the Act and established by the Board by Supplemental Resolution, subject to the conditions and limitations herein contained.

SECTION 2.02. *Terms of Bonds.* The initial series of Bonds to be issued under this Master Resolution shall be known as the "California Housing Finance Agency 1976 Housing Loan Revenue Bonds, Series A," and each subsequent series of Bonds shall be similarly designated in consecutive alphabetical order. The Bonds of each series shall bear interest at such rate or rates as may be fixed by the Board at the time of sale thereof, not to exceed the maximum rate of interest then permitted by law, and shall mature and become payable on such dates and in such year or years as the Board may determine by the Supplemental Resolution creating such series. Interest on the Bonds of each series shall be payable semiannually except that the first interest payment date on any series of Bonds may be any date on or before twelve months from the date of said series. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the Trustee in Sacramento, California, or, in the case of coupon Bonds, at the option of the holder also at the principal office

of the Paying Agent in New York, New York, or at the office of the Paying Agent in Chicago, Illinois.

The Bonds of any series may be initially issued as coupon Bonds in the denomination of \$5,000, or in such other denominations as may be authorized by any Supplemental Resolution, or in fully registered form without coupons, in denominations of \$5,000 or any authorized multiple thereof. The coupon Bonds of any series shall be numbered in consecutive numerical order from lower to higher in the order of their respective maturities, the numbers to be preceded by the letter designation of such series (e.g., "Bond No. A1"). The interest coupons attached thereto shall be numbered in consecutive numerical order from 1 up in the order of their respective maturities. Each such coupon shall represent six months' interest on the coupon Bond to which it is attached, except that the first coupon shall represent interest for the period from the date of the coupon Bonds of such series to the first interest payment date thereon. Payment of interest on the coupon Bonds due on or before maturity of such Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively fall due.

The fully registered Bonds of any series shall be numbered in consecutive numerical order from lower to higher in the order of their respective maturities, the numbers to be preceded by the letter designation of such series together with the letter R (e.g., "Bond No. AR1"). The fully registered Bonds shall be dated as of the date of the coupon Bonds of the same series. Each fully registered Bond of any series shall bear interest from the interest payment date next preceding the date of registration thereof unless it is registered as of an interest payment date, in which event it shall bear interest from that date, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date; provided, however, that if, at the time of registration of any fully registered Bond, interest is in default on outstanding Bonds, such fully registered Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds. Payment of the interest on any fully registered Bond shall be made to the person appearing on the bond registration books of the Trustee as the registered owner

thereof, such interest to be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such address as he may have filed with the Trustee for that purpose.

The Board hereby directs that there shall be included in each of the Bonds a certification and recital that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due time, form and manner as required by the laws of the State of California, and that the amount of this Bond, together with all other Bonds outstanding, does not exceed any limit prescribed by the Act and is not in excess of the amount of Bonds permitted to be issued under the Resolution. From and after the issuance of the Bonds of any series the findings and determinations of the Board respecting that series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any such Bond containing the foregoing certification and recital shall be required to see to the existence of any fact, or to the performance of any condition, or the taking of any proceeding, required prior to such issue, or to the application of the purchase price paid for such Bonds. Bonds shall be deemed to be issued, within the meaning of this Master Resolution, whenever the definitive Bonds, or any temporary Bonds exchangeable therefor, have been delivered to the purchasers thereof, and the purchase price thereof received, or in the case of Bonds to be refunded through exchange, whenever such exchange has been made.

SECTION 2.03. *Forms of Bonds.* The coupon Bonds, the interest coupons to be attached thereto and any Trustee's certificate of authentication to be executed thereon, the fully registered Bonds, any Trustee's certificate of authentication and registration, any corresponding coupon bond endorsement, any assignment to appear thereon and any other necessary certificates and endorsements shall be in substantially the form set forth in each Supplemental Resolution, with necessary or appropriate variations, omissions and insertions as may be permitted or required thereby.

SECTION 2.04. *Execution of Bonds.* All of the Bonds shall be executed in the name and on behalf of the Agency and under its seal, with the signatures of the Chairperson and the Vice Chairperson and the countersignature of the Secretary who is in office on the date of adoption of this Master Resolution or at any time thereafter. In the case of fully registered Bonds, such signatures and such countersignature, one or more of them, may be affixed by facsimile thereof. The seal of the Agency may be impressed or reproduced by facsimile on the Bonds.

The interest coupons to be attached to the Bonds shall bear the facsimile signature of the Secretary, who is in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Bond or coupon ceases to be such officer before delivery of the Bonds to the purchaser, such signature, either on the Bonds or the coupons, or on both, shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Also any Bond or coupon may be signed and countersigned on behalf of the Agency by such persons as at the actual date of the execution of such Bond or coupon shall be the proper officers of the Agency although at the nominal date of such Bond or coupon any such person may not have been such officer of the Agency.

The Board may provide, in the Supplemental Resolution authorizing the issuance of any series of Bonds, that the coupon Bonds of such series shall bear a certificate of authentication executed by the Trustee.

In the event the Agency shall so require the authentication of any coupon Bonds by the Trustee by the execution of a certificate of authentication endorsed upon the coupon Bond, there shall be included in the text of such coupon Bonds the following:

“This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.”

In the case of fully registered Bonds without coupons, only such Bonds as shall bear thereon a certificate of authentication and regis-

tration in the form hereinbefore recited, executed and dated by the Trustee, shall be or become valid or obligatory for any purpose or entitled to the benefits of this Master Resolution. Such certificate of the Trustee shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Master Resolution.

Prior to the delivery of any Bond, all coupons thereon then matured shall be detached and cancelled by the Trustee and delivered to or upon the order of the Agency.

SECTION 2.05. *Transfer of Coupon Bonds.* All coupon Bonds shall be negotiable instruments transferable by delivery. The Agency, the Trustee and any Paying Agent may treat the bearer of any coupon Bond, and the bearer of any coupon, as the absolute owner of such Bond, or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Agency, the Trustee and any Paying Agent shall not be affected by any notice or knowledge to the contrary, whether such Bond or coupon shall be overdue or not.

SECTION 2.06. *Transfer of Fully Registered Bonds.* Any fully registered Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such fully registered Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any Bond shall be issued under this Master Resolution as a fully registered Bond, there shall be reserved by the Agency unissued an aggregate principal amount of coupon Bonds, of the same series and maturity, and of the denomination of \$5,000, equal to the principal amount of such registered Bond, and in such case the serial number or numbers of the coupon Bond or Bonds so reserved, together with an appropriate statement as to such reservation, may be endorsed on such registered Bond.

Whenever any fully registered Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new fully registered Bond or Bonds, of the same series and for a like aggregate principal amount, which shall have endorsed thereon the same coupon Bond serial number or numbers so reserved.

No transfers of fully registered Bonds shall be required to be made during the 15 days next preceding each interest payment date.

SECTION 2.07. *Exchange of Bonds.* Fully registered Bonds may be exchanged at the principal office of the Trustee for a like aggregate principal amount of coupon Bonds of the same series (or for a like aggregate principal amount of fully registered Bonds of other authorized denominations of the same series) of the same maturity, and coupon Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same series and of the same maturity. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default). The Trustee shall preserve coupon Bonds surrendered to it for exchange, and may subsequently reissue said coupon Bonds in exchange for a like aggregate principal amount of fully registered Bonds, as hereinabove provided, after detaching all matured interest coupons appertaining thereto. The Agency may charge a sum not exceeding \$5.00 for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued) and the Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made during the 15 days next preceding each interest payment date.

SECTION 2.08. *Bond Register.* The Trustee will keep or cause to be kept at its office in Sacramento, California, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presenta-

tion for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

SECTION 2.09. *Temporary Bonds.* Any series of Bonds issued under this Master Resolution may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of the Resolution as may be appropriate. Every temporary Bond shall be executed by the Agency and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive fully registered Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the office of the Trustee in Sacramento, California and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive coupon Bonds or definitive fully registered Bonds of authorized denominations of the same series and of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Resolution as definitive Bonds of the same series authenticated and delivered hereunder.

SECTION 2.10. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated the Agency, at the expense of the owner of said Bond, shall execute, and the Trustee shall thereupon authenticate, if necessary, and deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the mutilated Bond) in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated together with any unpaid coupons thereto appertaining. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Agency. If any Bond shall be lost, destroyed or stolen, evidence of

such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate, if necessary, and deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the lost, destroyed or stolen Bond) in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this section and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond or coupon issued under the provisions of this Section in lieu of any Bond or coupon alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond or coupon so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Resolution with all other Bonds and coupons secured by the Resolution.

### ARTICLE III

#### ISSUE OF BONDS

SECTION 3.01. *Issuance of Bonds.* At any time after the adoption of this Master Resolution the Agency may execute and deliver Bonds in the aggregate principal amount of not to exceed that amount which the Agency, with the approval of the Housing Bond Credit Committee pursuant to Sections 41700 and 41707 of the Health and Safety Code, determines, by Supplemental Resolution, to be necessary to provide sufficient funds for financing housing developments and other residential structures and which is authorized to be issued hereunder in series from time to time and each series shall be separately designated.

SECTION 3.02. *Supplemental Resolution Authorizing Issuance of Any Series of Bonds.* Whenever the Agency determines to issue Bonds of any series under the terms of this Master Resolution, the Board shall adopt a Supplemental Resolution prescribing the date of the Bonds of such series, the principal amount thereof, the serial

maturities or maximum term for which any of said Bonds shall run, the dates of payment of principal and interest and the provisions, if any, for the call and redemption of such Bonds, and such other terms and conditions as may be appropriate to the series of Bonds then proposed to be issued.

At or before the delivery of any such series of Bonds to the purchaser thereof, the Agency shall file the following documents with the Trustee:

(a) the Supplemental Resolution authorizing such series of Bonds, which shall also contain the determination required by Section 41700 of the Health and Safety Code;

(b) the determination of the Housing Bond Credit Committee of the security, and its approval of the amount, of the proposed offering;

(c) a certificate of the Trustee that the Agency is in compliance with Section 41714 of the Health and Safety Code;

(d) a certificate of the Trustee that the Agency is not then in default under the terms and provisions of this Master Resolution or the terms and provisions of any other resolution authorizing the issuance of bonds payable out of Revenues;

(e) an opinion of counsel to the effect that such series of Bonds has been duly authorized in conformity with law and all prior proceedings of the Agency.

SECTION 3.03. *Validity of Bonds.* The validity of the authorization and issuance of any of the Bonds shall not be dependent on or affected in any way by (a) any proceedings taken by the Agency for the financing of housing developments or other residential structures, or (b) any contracts made by the Agency in connection therewith, or (c) the failure to complete any or all commitments to such financing. The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all such Bonds shall be incontestable from and after the time of payment to the Agency of the purchase price thereof.

## ARTICLE IV

## REDEMPTION OF BONDS

SECTION 4.01. *Terms of Redemption.* Any series of Bonds may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof plus such premium or premiums, if any, as may be determined by the Board at the time such series is authorized and as shall be set forth in the Supplemental Resolution authorizing such series.

SECTION 4.02. *Selection of Bonds for Redemption.* Whenever provision is made in any Supplemental Resolution for the redemption of any series of Bonds or portion thereof by lot and less than all of the Bonds of any maturity of such series are called for redemption, the Trustee shall select the coupon Bond serial numbers of the Bonds of such maturity to be redeemed from the coupon Bond serial numbers of the outstanding Bonds of such maturity by lot in any manner which the Trustee deems fair. The Trustee shall promptly notify the Agency in writing of the numbers of the Bonds so selected for redemption.

SECTION 4.03. *Notice of Redemption.* Notice of redemption (except as provided below) shall be given by publication at least once prior to the redemption date in a financial newspaper or journal, such publication to be not less than thirty nor more than sixty days before such redemption date.

Each notice of redemption shall state the redemption date, the place of redemption and the redemption price, shall designate the serial numbers of the Bonds to be redeemed by giving the individual numbers of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, and shall require that such Bonds be then surrendered with, in the case of coupon Bonds, all interest coupons maturing on or subsequent to the said redemption date for redemption at the said redemption price, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will

become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium thereon, if any (such premium to be specified). If any of the coupon Bond serial numbers so chosen shall be the serial numbers of coupon Bonds then reserved against outstanding registered Bonds, such notice shall specify the respective serial numbers of such reserved coupon Bonds, and if the serial numbers of all the coupon Bonds reserved against any particular registered Bond shall not have been chosen so that less than the whole of the principal of such registered Bond shall be redeemable, the said notice shall also state that such registered Bond is to be redeemed in part only.

A similar notice shall also be mailed to the original purchaser of the Bonds, or if the original purchaser is a syndicate, to the managing member of such syndicate, and to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the bond registration books at least thirty days but not more than sixty days prior to the redemption date, which notice shall, in addition to setting forth the above information, set forth, in the case of each registered Bond called only in part, the portion of the principal thereof which is to be redeemed; provided that neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In case of the redemption as herein permitted of all the Bonds then outstanding, or of all of the Bonds of any maturity, notice of redemption shall be given by publication and mailing in the same manner as for partial redemption of Bonds, except that the notice of redemption need not specify the serial numbers of the Bonds to be redeemed. If at the time of giving notice of redemption no Bonds are outstanding except registered Bonds, publication of such notice shall be deemed to have been waived if such notice shall have been mailed to each registered owner of such Bonds at his address as it appears on the registration books or at such address as he may have filed with the Trustee for that purpose.

Notice of redemption of Bonds shall be given by the Agency or, at the request of the Agency, by the Trustee for and on behalf of the Agency.

SECTION 4.04. *Partial Redemption of Registered Bond.* Upon surrender of any fully registered Bond redeemed in part only, the Agency shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds, of the same series, of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same interest rate and the same maturity, which new Bond or Bonds may be, at the option of the registered owner, either a coupon Bond or Bonds with all unmatured coupons appertaining thereto or a fully registered Bond or Bonds of authorized denominations. The registered owner of any fully registered Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Trustee and under such conditions as the Trustee may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Agency and the Trustee shall be released and discharged from all liability to the extent of such payment, irrespective of whether such endorsement shall or shall not have been made upon the reverse of such fully registered Bond by such registered owner and irrespective of any error or omission in such endorsement.

SECTION 4.05. *Effect of Redemption.* When notice of redemption has been duly given as aforesaid, and moneys for payment of the redemption price are being held by the Trustee, the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue, the coupons for interest thereon maturing subsequent to the redemption date shall be void, said Bonds shall cease to be entitled to any benefit or security under this Master Resolution, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of said Bonds, together with all coupons thereto appertaining unmatured at the redemption date, pay such Bonds at the redemption price aforesaid.

All unpaid interest installments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

All Bonds redeemed pursuant to the provisions of this Article IV and the appurtenant coupons, if any, shall be cancelled upon surrender thereof and delivered to the Agency, and no Bonds shall be issued in place thereof.

SECTION 4.06. *Rescission of Notice of Redemption.* The Agency may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption.

## ARTICLE V

### REVENUES

SECTION 5.01. *Pledge of Revenues.* The Bonds are revenue Bonds and shall be payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Revenues, except only as otherwise authorized or permitted by the Act and provided for in any Supplemental Resolution for the series authorized thereby. The Agency hereby transfers, assigns and sets over to the Trustee all of the Revenues, and all of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, and the Revenues shall not be used for any other purpose while any of the Bonds remain outstanding, except that out of Revenues there may be apportioned and paid such sums, for such purposes, as are expressly permitted by any Supplemental Resolution. Said pledge shall constitute a first, direct and exclusive charge and lien on the Revenues for the payment of the Bonds in accordance with the terms thereof.

## ARTICLE VI

### COVENANTS OF THE AGENCY

SECTION 6.01. *Compliance with Resolution.* The Agency represents, warrants, covenants and agrees with the holders of the Bonds, as a material inducement to the purchase of the Bonds, that so long

as any of the Bonds shall remain outstanding and the principal thereof or interest thereon shall be unpaid or unprovided for, the Agency will not issue, or permit to be issued, any Bonds in any manner other than in accordance with the provisions of this Master Resolution, and will not suffer or permit any default to occur under this Master Resolution, but will faithfully observe and perform all of the covenants and agreements contained in this Master Resolution and all Supplemental Resolutions and the Bonds.

SECTION 6.02. *Punctual Payment.* The Agency will punctually pay or cause to be paid the principal and interest (and premium, if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Master Resolution and all Supplemental Resolutions, but only out of Revenues and other legally available funds as provided herein.

SECTION 6.03. *Against Encumbrances.* The Agency will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues and will not issue any Bonds or other obligations payable from Revenues or having a lien on the Revenues, except as expressly permitted so to do by Section 3.02.

SECTION 6.04. *Power to Issue Bonds and Pledge Revenues.* The Agency is duly authorized pursuant to law to create and issue the Bonds and to adopt this Master Resolution and to pledge the Revenues in the manner and to the extent provided in this Master Resolution. The Revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Master Resolution, except for liens in favor of the Trustee and Paying Agents for moneys due them hereunder, and all action on the part of the Agency to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Agency in accordance with their terms and the terms of the Resolution. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues pledged under the Resolution and all the rights of the bondholders under this Resolution against all claims and demands of all persons whomsoever.

SECTION 6.05. *Payment of Taxes and Claims.* The Agency will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges which may be lawfully imposed upon the Revenues, when the same shall become due, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Revenues or which might impair the security of the Bonds.

SECTION 6.06. *Insurance.* Subject to the condition, in each case, that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions, and so long as any of the Bonds are outstanding:

(a) The Agency shall procure and maintain public liability insurance, with limits of not less than one million dollars (\$1,000,000) for one person and one million dollars (\$1,000,000) for more than one person involved in one accident, to protect the Agency from claims for personal injury or death which may arise from the Agency's operations, including any use or occupancy of its grounds, structures and vehicles and including the possession and ownership of any property foreclosed pursuant to a mortgage. The Agency shall also procure, and maintain so long as any of the Bonds are outstanding, insurance against liability for property damage resulting from any casualty attributable to the Agency's operations, in an amount not less than one hundred thousand dollars (\$100,000) for each accident.

(b) The Agency shall secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Agency.

SECTION 6.07. *Accounting Records and Reports.* The Agency shall keep (or cause to be kept) proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee and by any holder of Bonds, or his agent or representative, at reasonable hours and under reasonable conditions. Not more than one hundred and twenty (120) days after the

close of each fiscal year, the Agency shall furnish, to any Bondholder who may so request within sixty (60) days after the close of such fiscal year, a complete financial statement covering receipts, disbursements, allocation and application of all income and Revenues for such fiscal year, including fund balances, accompanied by an audit report and opinion of an independent certified public accountant to be employed by the Agency with the consent of the Trustee. Such audit report shall also show the types and amounts of insurance coverage in force for such fiscal year, and the expiration dates thereof. Such financial statement shall also be filed with the Trustee.

SECTION 6.08. *Maintenance of Revenues.* The Agency will promptly collect all Revenues due as the same become due, and will promptly and vigorously enforce its rights against any person who does not pay such Revenues as they become due.

SECTION 6.09. *Observance of Laws and Regulations.* The Agency will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Agency, including its right to exist and carry on business as a public instrumentality and political subdivision of the State of California, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

SECTION 6.10. *Maintenance of Agency and Powers.* The Agency will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the observance of any of the covenants herein contained.

SECTION 6.11. *Agreement of the State.* As provided in Section 41719 of the Act, the State has pledged to and agreed with the holders of the Bonds that the State will not limit or alter the rights vested in the Agency under the Act to fulfill the terms of any agreements made with such bondholders or in any way impair the rights and remedies of such bondholders 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 bondholders, are fully met and discharged.

SECTION 6.12. *Waiver of Laws.* The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Master Resolution or in any Supplemental Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency.

SECTION 6.13. *Extension or Funding of Interest Coupons.* In order to prevent any accumulation of coupons after maturity, the Agency will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or any claim for interest on any of the Bonds, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or claims or in any other manner. In case any such coupon or claim for interest shall be extended or funded, whether or not with the consent of the Agency, such coupon or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of the Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 6.14. *Personnel and Servicing of Programs.* The Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable

compensation, salaries, fees and charges, and all persons employed by the Agency shall be qualified for their respective positions.

SECTION 6.15. *Tax Covenant.* The Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on the Bonds shall, for the purposes of the Federal income tax be exempt from all income taxation under any valid provision of law.

SECTION 6.16. *Agency Certification.* The Agency shall, as provided in the Act, immediately certify in writing to the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Speaker of the Assembly, the Senate Rules Committee, and the Governor, if the Agency determines or receives information, certified by the Treasurer, that moneys of the Agency will not be sufficient for the principal payments, sinking fund payments, and interest payments on the Bonds of any series and to restore and maintain bond reserve funds established pursuant to any Supplemental Resolution.

SECTION 6.17. *Further Assurances.* Whenever and so often as requested so to do by the Trustee, the Agency will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Resolution.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01. *Events of Default and Acceleration of Maturities.* If one or more of the following events (herein called "events of default") shall happen, that is to say—

- (a) if default shall be made in the due and punctual payment of the principal of, or premium (if any) on, any Bond when and as the same shall become due and payable, whether at

maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable, and such default shall have continued for a period of thirty (30) days;

(c) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Agency by the Trustee, or to the Agency and the Trustee by the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time outstanding; or

(d) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control;

then and in each and every such case during the continuance of such event of default, the Trustee or the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the Agency, to declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Resolution or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, the Agency shall pay to or shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds maturing prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and any and all other defaults

known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02. *Application of Funds Upon Acceleration.* All of the Revenues and all sums in the Revenue Account upon the date of the declaration of acceleration as provided in Section 7.01, and all sums thereafter received by the Trustee hereunder shall be applied by the Trustee in the order following upon presentation of the several Bonds and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid—

*First*, to the payment of the costs and expenses of the Trustee and of the Bondholders in declaring such event of default, including reasonable compensation to its or their agents, attorneys and counsel;

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate of eight per cent (8%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 7.03. *Suits at Law or in Equity and Mandamus.* In case one or more of the events of default shall happen, then and in every such case the holder of any Bond at the time outstanding shall be entitled to proceed to protect and enforce the rights vested in such holder by the Resolution by such appropriate judicial proceeding as such holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Resolution, or in aid of the exercise of any power granted in the Resolution, or to enforce any other legal or equitable right vested in the holders of Bonds by the Resolution or by law. The provisions of the Resolution shall constitute a contract with the holders of the Bonds, and such contract and the duties of the Agency and of the Board, officers and employees thereof shall be enforceable by any Bondholder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

SECTION 7.04. *Non-waiver.* Nothing in this Article VII or in any other provision of the Resolution, or in the Bonds or in the coupons, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest (and premium, if any) on the Bonds to the respective holders of the Bonds and coupons at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues in the Resolution pledged for such payments or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons. No delay or omission of the Trustee or of any holder of any of the Bonds or coupons to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or an acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the holders of Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the holders of Bonds.

SECTION 7.05. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or to the holders of Bonds

is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

## ARTICLE VIII

### THE TRUSTEE AND THE PAYING AGENTS

SECTION 8.01. *Appointment of Trustee.* The Treasurer is, pursuant to Section 41708 of the Act, appointed Trustee for the Agency for the purpose of receiving all moneys which the Agency is required to deposit with the Trustee hereunder, and to allocate, use and apply the same as provided in the Resolution. If the Agency appoints a corporate trustee to act as Trustee hereunder, pursuant to Section 41708 of the Act, the Agency agrees that it will maintain a corporate trustee having a principal office in San Francisco, California, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by Federal or state authority, so long as any Bonds are outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to redeem the Bonds and interest coupons appertaining thereto when duly presented for payment at maturity, or on redemption, or on purchase by the Trustee prior to maturity, and to cancel all Bonds and coupons upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds and coupons paid and discharged. The Agency is hereby authorized to compensate the Trustee, if a corporate trustee, for its services rendered pursuant to the provisions of the Resolution. All moneys deposited under the provisions of the Resolution with the Trustee shall be held in trust and applied only in accordance with the provisions of the Resolution.

The Agency may remove the Trustee, if a corporate trustee, and any successor thereto, and may appoint a successor or successors

thereto; provided that any such successor, except the Treasurer, shall be a bank or trust company meeting the requirements in this Section 8.01 set forth.

The Trustee, if a corporate trustee, may at any time resign by giving written notice to the Agency. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Agency shall give the Bondholders notice thereof by publication at least once in a financial newspaper or journal.

SECTION 8.02. *Appointment of Paying Agents.* The Agency may, by Supplemental Resolution, appoint Paying Agents for the purpose of paying the principal of and interest on any of the coupon Bonds presented for payment in such locations as the Agency deems desirable. The Agency may agree, by Supplemental Resolution, that, so long as any Bonds are outstanding and unpaid, it will maintain Paying Agents for the payment of the principal of, and the interest (and premium, if any) on, the coupon Bonds in any or all of such locations. The Agency may remove any Paying Agent and any successor thereto, and appoint a successor thereto. The Trustee shall enter into such credit arrangements with each Paying Agent as shall be necessary and desirable in order to enable such Paying Agent to carry out the duties of its office. The Paying Agents are hereby authorized to redeem the coupon Bonds and interest coupons appertaining thereto when duly presented for payment at maturity, or on redemption prior to maturity, and to cancel all coupon Bonds and coupons upon payment thereof and to return the same so cancelled to the Trustee. The Paying Agents shall keep accurate records of all coupon Bonds and coupons paid and discharged. The Agency is hereby authorized to compensate the Paying Agents for their respective services rendered pursuant to the provisions of the Resolution.

SECTION 8.03. *Liability of Agents.* The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Agency, and

neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Master Resolution or of the Bonds or coupons, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively.

SECTION 8.04. *Security for Deposits.* Moneys allocated to any of the funds established pursuant to the Resolution may, and upon the Request of the Agency shall, be deposited by the Trustee in banks, including the Trustee, or a corporate trustee, in time or demand deposits. Moneys so deposited shall be secured at all times in the manner provided by law, by direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or bonds of the State of California or of any county, city or school district within said State, of a market value at least equal to the amount required by law, but in no event less than the amount of moneys in each of said funds to be so secured.

SECTION 8.05. *Investment of Moneys in Funds.* Any moneys in any of the funds established by the Trustee pursuant to the Resolution may, and upon the Request of the Agency shall, be invested in securities set forth in each Supplemental Resolution (subject in each case to the limitations as to maturities set forth in any such Supplemental Resolution).

The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The Agency covenants with the holders of all Bonds at any time outstanding that it will make no use of the proceeds of any of the Bonds which will cause any of the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(d) of the Internal Revenue Code of 1954, as amended. To that end, so long as any of the Bonds are outstanding, the Agency and the Trustee, with respect to the proceeds of the Bonds, shall com-

ply with all requirements of said Section 103(d) and of all regulations of the United States Department of the Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

SECTION 8.06. *Notice to Agents.* The Trustee and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may be of counsel to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Neither the Trustee nor any Paying Agent shall be bound to recognize any person as the holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee or Paying Agent, be deemed to be conclusively proved and established by a Certificate of the Agency, and such Certificate shall be full warrant to the Trustee or Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE MASTER RESOLUTION

SECTION 9.01. *Amendments Permitted.* The Resolution and the rights and obligations of the Agency and of the holders of the Bonds and the coupons may be modified or amended at any time

by a Supplemental Resolution which shall become effective when the written consents of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in Section 9.03, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond or reduce the interest rate thereon or extend the time of payment of interest, or reduce the amount of principal thereof or reduce any premium payable upon the redemption thereof, without the express consent of the holder of such Bond, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Resolution, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Resolution and the rights and obligations of the Agency and of the holders of the Bonds and the coupons may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes—

(a) to add to the covenants and agreements of the Agency in the Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency; and

(b) to cure, correct or supplement any ambiguous or defective provision contained in the Resolution or in regard to questions arising under the Resolution, as the Agency may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the interest of the holders of the Bonds; and

(c) to provide for the issuance of a series of Bonds, and to provide the terms and conditions under which such Bonds may be issued, subject to and in accordance with the provisions of Article III.

SECTION 9.02. *Procedure for Amendment with Written Consent of Bondholders.* The Agency may at any time adopt a Supplemental Resolution amending the provisions of this Master Resolution or any Supplemental Resolution, to the extent that such amendment

is permitted by Section 9.01, to take effect when and as provided in this section. A copy of such Supplemental Resolution, together with a request to Bondholders for their consent thereto, shall be mailed by the Agency to the owner of any fully registered Bond and to the holder of any coupon Bond who shall have filed with the Trustee an address for notices, but failure to mail copies of such Supplemental Resolution and request shall not affect the validity of the Supplemental Resolution when assented to as in this section provided. Notice of the fact of the adoption of such Supplemental Resolution (stating that a copy thereof is available for inspection at the office of the Agency) shall be published at least once a week for two successive weeks in a financial newspaper or journal, the first publication to be made not more than fifteen days after the date of adoption of such Supplemental Resolution.

Such Supplemental Resolution shall not become effective unless there shall be filed with the Trustee the written consents of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of Bonds disqualified as provided in Section 9.03) and a notice shall have been published as hereinafter in this section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.08. Any such consent shall be binding upon the holder of the Bond giving such consent and on any subsequent holder (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder giving such consent or a subsequent holder by filing such revocation with the Trustee prior to the date when the notice hereinafter in this section provided for has been published.

After the holders of the required percentage of Bonds shall have filed their consents to the Supplemental Resolution, the Agency shall mail and publish a notice to the Bondholders in the manner hereinbefore provided in this section for the mailing of the Supplemental Resolution and publication of the notice of adoption thereof, stating in substance that the Supplemental Resolution has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this section (but failure to mail

copies of said notice shall not affect the validity of the Supplemental Resolution or consents thereto), and proof of the publication of such notice shall be filed with the Trustee. A record, consisting of the papers required by this section to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Resolution shall become effective upon the filing with the Trustee of the proof of the publication of such last-mentioned notice, and the Supplemental Resolution shall be deemed conclusively binding upon the Agency and the holders of all Bonds and coupons at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

SECTION 9.03. *Disqualified Bonds.* Bonds owned or held by or for the account of the Agency, the State of California or any political subdivision thereof (including any municipal corporation, district, or any public corporation, board or agency of any class or kind, but exclusive of Bonds held by or for the account of any pension or retirement fund of any kind or class) shall not be deemed outstanding for the purpose of any vote, consent, waiver or other action or any calculation of outstanding Bonds provided for in this Master Resolution, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Master Resolution. For the purposes hereof no bank organized under the laws of the State of California and no national banking association doing business in said State of California shall be deemed to be an agency of said State or of the Agency.

SECTION 9.04. *Effect of Supplemental Resolution.* From and after the time any Supplemental Resolution becomes effective pursuant to this Article IX, the Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Resolution of the Agency and all holders of Bonds outstanding (or of interest coupons appertaining thereto, whether attached thereto or detached therefrom) shall thereafter be determined, exercised and enforced hereunder subject in all

respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Master Resolution for any and all purposes.

The Agency may adopt appropriate regulations to require each Bondholder, before his consent provided for in this Article IX shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 9.03.

SECTION 9.05. *Endorsement or Replacement of Bonds Issued After Amendments.* The Agency may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article IX shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon demand of the holder of any Bond outstanding at such effective date and presentation of his Bond for the purpose at the office of the Agency or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such Bond. The Agency may determine that new Bonds, so modified as in the opinion of the Agency is necessary to conform to such Bondholders' action, shall be prepared, executed and delivered. In that case, upon demand of the holder of any Bond then outstanding, such new Bond shall be exchanged at the office of the Trustee in Sacramento, California, without cost to such holder, for a Bond of the same character then outstanding, upon surrender of such Bond with all unmatured coupons appertaining thereto, if any.

SECTION 9.06. *Amendatory Endorsement of Bonds.* The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notification thereof is made on such Bonds.

## ARTICLE X

### DEFEASANCE

SECTION 10.01. *Discharge of Resolution.* If the Agency shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways—

(a) by well and truly paying or causing to be paid the principal of (including redemption premiums, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem all Bonds outstanding;

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding, together with all unpaid coupons thereto belonging; and

(d) by depositing with the Trustee, in trust, Federal Securities or general obligation bonds of the State of California in such amount as the Trustee shall determine will, together with the income or increment to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before their respective maturity dates;

and if the Agency shall also pay or cause to be paid all other sums payable hereunder by the Agency, then and in that case, at the election of the Agency (evidenced by a Statement of the Agency signifying its intention to pay and discharge all such indebtedness and that the Resolution and all other obligations of the Agency under the Resolution shall cease and terminate, which shall be filed with the Trustee), and notwithstanding that any Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Resolution and all other obligations of the Agency under the Resolution shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the holders of the Bonds and interest coupons not so surrendered and paid all sums due thereon. The discharge of the obligations of the Agency under the Resolution shall be without prejudice to the rights of the Trustee to charge for and be reimbursed by the Agency for any expenditures which it may thereafter incur in connection herewith.

The Agency may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, together with all unpaid coupons thereto belonging, which the Agency may

have acquired in any manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.02. *Discharge of Liability on Bonds and Coupons.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or Federal Securities or general obligation bonds of the State of California in the necessary amount to pay or redeem outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Agency in respect of such Bonds and the coupons appertaining thereto shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or Federal Securities or general obligation bonds of the State of California deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.03.

SECTION 10.03. *Payment of Bonds and Coupons After Discharge of Resolution.* Notwithstanding any provisions of the Resolution, any moneys deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for six years after the principal of all the outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Resolution) shall then be repaid to the Agency upon a Request of the Agency, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Agency for payment thereof, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Agency as aforesaid, the Trustee or any Paying Agent, as the case may be, may (at the cost of the Agency) first publish at least once in a financial newspaper or journal, a notice, in such form as may be deemed appropriate by the Trustee or such Paying Agent, with respect to the Bonds or coupons so payable and not presented and

with respect to the provisions relating to the repayment to the Agency of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Agency as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter be deemed to be general creditors of the Agency for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Agency (without interest thereon).

## ARTICLE XI

### MISCELLANEOUS

SECTION 11.01. *Liability of Agency Limited to Revenues.* Notwithstanding anything in this Master Resolution contained, the Agency, except as may be provided in any Supplemental Resolution, shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest (and premium, if any) on the Bonds. Nevertheless, the Agency may, but shall not be required to, advance for any of the purposes hereof any funds of the Agency which may be made available to it for such purposes.

SECTION 11.02. *Successor Is Deemed Included in All References to Predecessor.* Whenever in this Master Resolution or any Supplemental Resolution either the Agency or the Trustee or any Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Master Resolution contained by or on behalf of the Agency, the Trustee or any Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. *Limitation of Rights to Parties and Bondholders.* Nothing in the Resolution or in the Bonds or coupons expressed or implied is intended or shall be construed to give to any person other than the Agency, the Trustee, the Paying Agents, and the holders of the Bonds and coupons issued hereunder, any legal or equitable right, remedy or claim under or in respect of the Resolution

or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the Trustee, the Paying Agents, and the holders of the Bonds and coupons issued hereunder.

SECTION 11.04. *Waiver of Notice.* Whenever in the Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. *Destruction of Bonds and Coupons.* Whenever in the Resolution provision is made for the cancellation by the Trustee and the delivery to the Agency of any Bonds or any coupons, the Trustee may, upon the Request of the Agency, in lieu of such cancellation and delivery, destroy such Bonds and coupons (in the presence of an officer of the Agency if the Agency shall so require), and deliver a certificate of such destruction to the Agency.

SECTION 11.06. *Separability of Invalid Provisions.* In case any one or more of the provisions contained in the Resolution or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of the Resolution, and the Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Agency hereby declares that it would have adopted the Resolution and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of the Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer in trust for the benefit of the Bondholders.

SECTION 11.07. *Notice to Agency and Trustee.* Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the office of the Trustee in Sacramento, California. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Agency at 301 Capitol Mall, Suite 403, Sacramento, California 95814, or to the Agency at such other address as may be filed in writing by the Agency with the Trustee.

SECTION 11.08. *Evidence of Rights of Bondholders.* Any request, consent or other instrument required by the Resolution to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of the Resolution and shall be conclusive in favor of the Trustee and of the Agency if made in the manner provided in this section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof.

The amount of Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, the distinguishing numbers of the Bonds held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described; or such facts may

be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the Agency may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable. The ownership of fully registered Bonds by any person executing any such request, consent or other instrument in writing as a Bondholder shall be proved by the bond registration books held by the Trustee.

Any request, consent or declaration of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Agency in pursuance of such request, consent or declaration.

In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any action pursuant to the Resolution, Bonds which are disqualified as provided in Section 9.03 shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided, that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so disqualified shall be disregarded. Bonds so disqualified which have been pledged in good faith may be regarded as outstanding for the purpose of this section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person whose ownership of the Bonds would cause the Bonds to be disqualified pursuant to Section 9.03. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.09. *Article and Section Headings.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Resolution or of any Supplemental Resolution. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Master Resolution or of a Supplemental Resolution; and the words "herein," "hereof," "hereunder" and other words of similiar import refer to this Master Resolution and all Supplemental Resolutions as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 11.10. *Funds and Accounts.* Any fund required by the Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of every holder thereof.

SECTION 11.11. *Repeal of Inconsistent Resolutions.* Any resolution of the Agency, and any part of any resolution, inconsistent with the Resolution, is hereby repealed to the extent of such inconsistency.

SECTION 11.12. *Waiver of Personal Liability.* No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 11.13. *Publication for Successive Weeks.* Any publication to be made under the provisions of the Resolution in successive weeks may be made in each instance upon any business day of the

week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

SECTION 11.14. *Effective Date of Resolution.* This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 17th day of February, 1976, by the following vote:

*Ayes:* Directors

*Noes:*

*Absent:*

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*Secretary of  
the California Housing Finance Agency*

(Seal)

## SECRETARY'S CERTIFICATE

I, Gary P. Kane, Secretary of the California Housing Finance Agency (herein called the "Agency"), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the members of the Agency duly and regularly held at the regular meeting place thereof on February 17, 1976, of which meeting all of the members of the Agency had due notice and at which a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

*Ayes:* Directors

*Noes:*

*Absent:*

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes;

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: February 17, 1976.

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*Secretary of  
the California Housing Finance Agency*

(Seal)