
RESOLUTION NUMBER 77-9

OF THE

CALIFORNIA HOUSING FINANCE AGENCY

MULTI-FAMILY HOUSING FINANCE PROGRAM

GENERAL MULTI-FAMILY HOUSING FINANCE

BOND RESOLUTION

Adopted January 18, 1977

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GENERAL MULTI-FAMILY HOUSING FINANCE
BOND RESOLUTION

BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency as follows:

ARTICLE I

DETERMINATIONS, DEFINITIONS AND INTERPRETATION

Section 101. Title. This Bond Resolution may hereafter be cited by the Agency, and is hereinafter sometimes referred to, as the "General Multi-Family Housing Finance Bond Resolution".

Section 102. Authority for General Multi-Family Housing Finance Bond Resolution. The General Multi-Family Housing Finance Bond Resolution is adopted by virtue of the Act and pursuant to and in accordance with its provisions. The Agency has ascertained and hereby determines and declares that adoption of this General Multi-Family Housing Finance Bond Resolution and each and every act, matter, thing or course of conduct provided for herein is necessary to carry out and effectuate the powers, purposes and duties of the Agency in accordance with the Act and to exercise the powers given in the Act in fulfillment of the purposes of the Agency thereunder.

Section 103. General Multi-Family Housing Finance Bond Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of the General

Multi-Family Housing Finance Bond Resolution shall be a part of the contract of the Agency with the Holders of the Bonds, and shall be deemed to be and shall constitute contracts among the Agency, the Trustee and the Holders from time to time of the Bonds and the coupons appurtenant thereto. The pledge made in the General Multi-Family Housing Finance Bond Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Agency shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and coupons. All of the Bonds and the coupons appurtenant thereto, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided in or pursuant to the General Multi-Family Housing Finance Bond Resolution.

Section 104. Obligation of Bonds, and Pledges Securing the Same. The Bonds shall be direct and general obligations of the Agency payable from the Agency's revenues, moneys or assets pledged therefor pursuant to this Bond Resolution; subject, however, to any agreements heretofore or hereafter made with holders of any other Notes or Bonds of the Agency pledging any particular revenues or assets not pledged under this Resolution. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof, or a pledge of the faith and credit of the State or any such political subdivision,

other than the Agency to the extent herein provided. All Bonds shall be entitled to the benefits of the continuing pledge and lien created by the General Multi-Family Housing Finance Bond Resolution to secure the full and final payment of the principal or Redemption Price of and interest on all of said Bonds issued pursuant to the Bond Resolution and any Sinking Fund Installments for the retirement thereof.

Section 105. Definitions. In the General Multi-Family Housing Finance Bond Resolution, unless a different meaning clearly appears from the context:

"Accountant's Certificate" means an opinion signed by any certified public accountant or firm of certified public accountants (who may be the accountant or firm of accountants who regularly audits the books and accounts of the Agency) from time to time selected by the Agency;

"Acquired Development" means a Housing Development which the Agency has acquired title to, or taken possession of, through protection and enforcement of its rights conferred by law or the Mortgage upon such Housing Development, but only during the period of ownership or possession;

"Acquired Development Expenses" means all of the costs and expenses incurred by the Agency in connection with the acquisition, ownership or operation of an Acquired Development, including the Mortgage Repayments required to be paid pursuant to the Mortgage on such Acquired Development;

"Acquired Development Expense Requirement" means such amount of money as may from time to time be determined by resolution of the Agency to be necessary for the payment of Acquired Development Expenses for an Acquired Development;

"Acquired Development Fund" means the Fund by that name established by Section 506;

"Acquired Development Operating Income" means the amount by which Acquired Development Receipts from an Acquired Development exceed Acquired Development Expenses for such Acquired Development;

"Acquired Development Receipts" means all moneys received by the Agency in connection with its acquisition, ownership or operation of an Acquired Development;

"Act" means the Zenovich-Moscone-Chacon Housing and Home Finance Act, constituting Division 31 (commencing with Section 41000) of the Health and Safety Code of the State, and all laws supplementary thereto and amendatory thereof;

"Administrative Expenses" means the Agency's expenses of carrying out and administering its powers, duties and functions in connection with the Mortgages and Housing Developments, as defined in this Bond Resolution, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and

any other expenses required or permitted to be paid by the Agency under the provisions of the Act or this Bond Resolution or otherwise with respect to the Mortgages and Housing Developments, but shall not include Acquired Development Expenses;

"Agency" means the California Housing Finance Agency, a public instrumentality and political subdivision of the State, created by and existing under the Act;

"Authorized Newspapers" means newspapers customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language, one of which is of general circulation in the City of San Francisco, California, and the other of which is a financial newspaper of general circulation in the Borough of Manhattan, City and State of New York;

"Authorized Officer" means the Chairperson, the President or the Executive Vice President of the Agency, or any other person authorized by resolution of the Agency to act as an Authorized Officer hereunder;

"Bond" or "Bonds" means any Bond or Bonds, as the case may be, authorized and authenticated under the Bond Resolution and issued pursuant to a Series Resolution;

"Bondholder" or the term "Holder" or "holder" or any similar term, when used with reference to a Bond or Bonds,

means any person who shall be the bearer of any Outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer, and "Holder" or "holder", when used with reference to coupons, shall mean any person who shall be the bearer of such coupons;

"Bond Reserve Fund" means the Fund so designated which is established and created by Section 502 which constitutes a "bond reserve fund" within the meaning of the Act;

"Bond Reserve Fund Requirement" means, as of any particular date of calculation except for any period five (5) days prior to any Principal Installment Date, an amount equal to the aggregate of the amounts required by each and every Series Resolution authorizing the issuance of a Series of Bonds Outstanding as the amount to be maintained in the Bond Reserve Fund with respect to such Series of Bonds, which amount so specified in each Series Resolution shall be not less than eight percent (8%) of the aggregate principal amount of Bonds of the Series authorized by such Series Resolution as may from time to time be Outstanding; provided, however, that during such five (5) day period, the Bond Reserve Fund Requirement shall be no less than eight percent (8%) of the Bonds to be Outstanding after giving effect to amounts to be transferred during such period from the Principal Account in

Bond Service Fund to the Paying Agents;

"Bond Resolution" or "Resolution" or "General Multi-Family Housing Finance Bond Resolution" means this General Multi-Family Housing Finance Bond Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Bond Resolution or Series Resolution;

"Bond Service Fund" means the Fund so designated which is established and created by Section 502;

"Capitalized Interest Accounts" means the Accounts so designated which are authorized to be established and created by Section 403;

"Chairperson" means the Chairperson of the Agency;

"Construction Loan" means a short-term loan by the Agency from the proceeds of Notes to a Mortgagor with respect to a Housing Development and secured by a first mortgage lien on the real property or on the interest in the real property of which the Housing Development may now or hereafter consist;

"Cost of Development" means development costs consisting of the total of all costs incurred by a Mortgagor with respect to a Housing Development which costs are authorized by law and approved by the Agency as reasonable and necessary;

"Cost of Issuance" means items of expense payable or reimbursable directly or indirectly by the Agency and

related to the authorization, sale and issuance of Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee and any Paying Agents, bond discounts, legal fees and charges, professional consultants' fees, costs of credit ratings, costs of insurance premiums for Bonds, fees and charges for execution, transportation and safekeeping of Bonds, costs and expenses of refunding and other costs, charges and fees in connection with the foregoing;

"Costs of Issuance Accounts" means the Accounts so designated which are authorized to be established and created by subsection (3) of Section 401;

"Counsel's Opinion" means a written opinion, including supplemental opinions thereto, signed by an attorney or firm of attorneys retained by the Agency (who may be counsel for the Agency) and who is acceptable to the Trustee;

"Escrow Payment" means all payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance and any payments required to be made with respect to Mortgage Loans for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed;

"Executive Vice President" means the Executive Vice President of the Agency;

"Fiduciary" means the Trustee or any Paying Agent;

"Fiscal Year" means the period of twelve (12) calendar months ending with June 30 of any year or such other date as may be designated by the Agency;

"Fund" or "Account" means a Fund or Account created by or pursuant to the Bond Resolution;

"Housing Development" means a multi-family housing development authorized to be financed by the Agency pursuant to the Act by the making of a Construction Loan or a Mortgage Loan to an eligible Mortgagor;

"Interest Account" means the Account so designated which is established and created by Section 502;

"Interest Account Requirement" means, as of any particular date of calculation and with respect to the Bonds Outstanding on said date of calculation, the amount of money equal to any unpaid interest then due, plus an amount equal to the interest to become due on the Bonds on the next succeeding Interest Payment Date;

"Interest Payment Date" means the date on which interest on the Bonds is required to be paid pursuant to Section 302;

"Investment Obligations" means any of the following which at the time are lawful investments under the laws of the State including the Act for the moneys held hereunder then proposed to be invested therein: (i) direct general

obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America or the State, (ii) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended; or (iii) deposits in the Surplus Money Investment Fund referred to in Section 41363 of the Act;

"Issue Date" means, with respect to Bonds of a particular Series, the date of the Bonds of such Series specified and determined in accordance with Article II except as otherwise provided in Section 304 in the case of registered Bonds;

"Mortgage" means a mortgage deed, deed of trust, or other

instrument which shall constitute a lien in the State on real property and improvements thereon;

"Mortgage Loan" means a loan made by the Agency from the proceeds of Notes or Bonds to a Mortgagor with respect to a Housing Development and secured by a first mortgage lien on the real property or on the interest in the real property of which the Housing Development may now or hereafter consist and a lien on all personal property acquired with the proceeds of such loan and attached to or used or to be used in connection with the construction or operation of the Housing Development;

"Mortgage Loan Commitment" means the obligation of the Agency to make a Mortgage Loan to a Mortgagor;

"Mortgage Loan Funds" means the funds established by paragraph (1) of Section 401;

"Mortgage Repayment" means the amounts paid or required to be paid from time to time for principal and interest and any other payments or charges by a Mortgagor or on behalf of a Mortgagor to the Agency on a Mortgage Loan pursuant to a Mortgage, but not including Escrow Payments, Prepayments, Recovery Payments and any development loan fee received by the Agency at the time of initial issuance of funds to a Mortgagor;

"Mortgagor" means a non-profit corporation, limited profit entity or other entity to which the Agency is now

or hereafter authorized by law to make a Mortgage Loan;

"Notes" shall mean any debt obligations issued by the Agency other than Bonds;

"Occupancy Date" means the date determined by the Agency as the date upon which the Housing Development is to be deemed ready for occupancy;

"Officer's Certificate" means a certificate signed by an Authorized Officer;

"Outstanding", when used with reference to Bonds and as of any particular date, means all Bonds theretofore and thereupon being delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Agency or by any other Fiduciary, at or before said date, (b) any Bond for the payment or redemption of which either (i) moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) Moneys and Investment Obligations in the amounts, of the maturities and otherwise as described and required under the provisions of Paragraph (C) of Section 1201, shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with Article VII, and (c)

any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to Sections 307, 310, 312 or 906;

"Paying Agent" means any paying agent for the Bonds appointed by or pursuant to Section 202 or Section 1102, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the Bond Resolution;

"Period of Construction" means that period during which a Housing Development is being constructed and terminating with the Occupancy Date of such Housing Development;

"Permanently Financed Development" means a Housing Development with respect to which the Agency shall have issued Bonds for the purpose of obtaining moneys to make a Mortgage Loan or for the purpose of funding Notes or refunding Bonds issued to obtain such moneys;

"Prepayment" means any moneys received from any voluntary payment of principal or interest, including any prepayment penalties or other charges, on any Mortgage Loan more than sixty (60) days prior to the scheduled payments of principal and interest called for thereby, or from the sale of a Mortgage Loan pursuant to paragraph (1) of Section 612, other than moneys constituting a Recovery Payment;

"President" means the President of the Agency;

"Principal Account" means the Account so designated

which is established and created by Section 502;

"Principal Account Requirement" means, as of any particular date of calculation and with respect to the Bonds Outstanding on said date of calculation, the amount of money equal to any unpaid Principal Installment then due, plus the Principal Installment to become due on the Bonds on the next succeeding Principal Installment Date plus one-half of the Principal Installment (if any) to become due within the next six (6) months after the next succeeding Principal Installment Date;

"Principal Installment" means, as of any particular date of calculation, an amount of money equal to the sum of (a) the principal amount of Outstanding Bonds which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before said future date cease to be Outstanding by reason, but only by reason, of the application in accordance with the Bond Resolution of Sinking Fund Installments at or before said future date, and (b) the amount of any Sinking Fund Installment payable on said future date;

"Principal Installment Date" means the date on which Principal Installments are required to be made;

"Principal Office", when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situate in the city

in which such Fiduciary is described as being located;

"Recovery Payment" means any moneys received by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Housing Development, (ii) condemnation of a Housing Development or part thereof, (iii) other proceedings taken in the event of default by the Mortgagor, (iv) the sale or other disposition of a Mortgage Loan in default for the purpose of realizing on the Agency's interest therein, pursuant to paragraph (2) of Section 612 or (v) mortgage insurance or guaranty or hazard insurance;

"Redemption Fund" means the Fund so designated which is established and created by Section 502;

"Redemption Price", when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium (if any) payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the Bond Resolution;

"Refunding Bonds" means the bonds authorized to be issued pursuant to Section 205 of the Bond Resolution;

"Revenue Fund" means the Fund so designated which is established and created by Section 502;

"Revenues" means all moneys other than the proceeds of Bonds or Notes received by the Agency with respect to Housing Developments including Mortgage Repayments, Pre-

payments and Recovery Payments, and investment earnings on all Funds but shall exclude Escrow Payments and any fees received by the Agency from a Mortgagor;

"Serial Bonds" means the Bonds so designated in the Series Resolution;

"Series", when used with respect to less than all of the Bonds, means and refers to all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to Sections 307, 310, 312 or 906;

"Series Resolution" or "Supplemental Bond Resolution" means any resolution of the Agency amending or supplementing the Bond Resolution adopted and becoming effective in accordance with the terms of Article VIII;

"Sinking Fund Accounts" means the Accounts so designated which are established and created by Section 502;

"Sinking Fund Installment" means the amount of money required by or pursuant to a Series Resolution to be paid by the Agency on any single date toward the retirement of any particular Term Bonds prior to their respective stated maturities;

"Special Fund" means the fund so designated which is established and created by Section 502;

"State" means the State of California;

"Term Bonds" means any Bonds so designated in any Series Resolution;

"Trustee" means the Treasurer of the State, acting in accordance with the Act and the Bond Resolution, and upon an Event of Default hereunder, shall mean in addition to the Treasurer, the trustee appointed pursuant to Section 1101, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to the Bond Resolution;

Words importing the masculine gender include the feminine and neuter genders;

Words importing the maturity or payment of a Bond do not include or connote the becoming due of such Bond upon redemption thereof prior to maturity pursuant to the Bond Resolution or the payment of the Redemption Price thereof;

Words importing persons include firms, associations and corporations;

Words importing the singular number include the plural number, and vice versa;

The terms "herein", "hereunder", "hereby", "hereto", "hereof", and any similar terms, refer to the Bond Resolution; the term "heretofore" means before the date of adoption of the Bond Resolution; and the term "hereafter" means after the date of adoption of the Bond Resolution; and

Articles and Sections mentioned by number only are the respective Articles and Sections of the General Multi-Family Housing Finance Bond Resolution so numbered.

Section 106. Captions and Index. Any captions, titles or headings preceding the text of any Article or Section herein and any table of contents or index attached to the Bond Resolution or any copy thereof are solely for convenience of reference and shall not constitute part of the Bond Resolution or affect its meaning, construction or effect.

Section 107. Directions as to Publications. Whenever in the Bond Resolution publications in successive weeks are referred to, such successive weeks shall each be deemed to begin with Sunday and such publication shall be sufficient if made on any day or days of such successive weeks. Whenever in the Bond Resolution publications in Authorized Newspapers on successive dates are referred to or implied, such publications need not all be made in the same Authorized Newspapers and shall be sufficient if made on such successive dates in Authorized Newspapers published in the same municipality.

Section 108. Parties Interested Herein. Nothing in the Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Fiduciaries and the Holders of the Bonds and the coupons thereunto appertaining, any right, remedy or claim under or by reason of the Bond Resolution or any covenant, stipulation,

obligation, agreement or condition therein. All the covenants, stipulations, obligations, promises and agreements in the Bond Resolution contained by and on behalf of the Agency, shall be for the sole and exclusive benefit of the Agency, the Fiduciaries and the Holders of the Bonds and the coupons thereunto appertaining.

Section 109. Law Applicable. The laws of the State shall be applicable to the interpretation and construction of the Bond Resolution.

Section 110. Severability of Invalid Provision. If any one or more of the provisions, covenants or agreements in the Bond Resolution on the part of the Agency or any Fiduciary to be performed should be contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed separable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of the Bond Resolution or of the Bonds.

Section 111. Accounting Records. Whenever the Trustee is by this Bond Resolution required to establish and maintain Funds or Accounts, the establishment and maintenance of such Funds or Accounts in the records of the Controller of the State shall be deemed to be full compliance with such requirement.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. In order to provide sufficient funds to carry out and effectuate the corporate purposes authorized by the Act to be achieved with the use of such funds in connection with Housing Developments, Bonds of the Agency, each to be entitled "Multi-Family Housing Finance Bond", are hereby authorized to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution and in one or more Series Resolutions as hereinafter provided.

Section 202. Authorization for Issuance of Bonds in Series. (A) From time to time when authorized by the Bond Resolution and subject to the terms, limitations and conditions established in the Bond Resolution, the Agency may authorize the issuance of a Series of Bonds upon adoption of a Series Resolution and the Bonds of any such Series may be issued and delivered to the Trustee for authentication upon compliance with provisions hereof. The Bonds of each Series shall, in addition to the title "Multi-Family Housing Finance Bonds", bear such letter or number Series designation as may be necessary to distinguish such Series of Bonds from the Bonds of every other Series and may in addition to such title bear the number of the year in which the Series is issued. Bonds of any Series may be authorized to be issued in the

form of Serial Bonds or Term Bonds or both.

(B) Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination or ratification of a previous determination by the Agency to the effect that the principal amount of said Series of Bonds is necessary to provide sufficient funds to be used and expended for the making of Construction Loans or Mortgage Loans or the refunding of Bonds and shall specify, determine or provide for:

(1) The authorized principal amount of said Series of Bonds;

(2) The purposes for which such Series of Bonds are being issued, which shall be to provide funds for one or more of the following:

(i) for deposits of amounts, if any, determined by or pursuant to the Bond Resolution to be paid into one or more of the Funds or Accounts referred to in Section 401, and

(ii) for the payment of or redemption of Bonds and related purposes as provided in and under the conditions and subject to the provisions and limitations of Section 205.

(3) The amount of money to be deposited in the Bond Reserve Fund for the Series of Bonds authorized to be issued and notwithstanding any other provision of the Series Resolution, upon issuance, sale and delivery of such Series

of Bonds, so much of such proceeds of the Bonds of such Series shall be deposited in the Bond Reserve Fund as is needed to establish the amount in such Fund at, or to increase the amount then held by the Trustee in such Fund to, the Bond Reserve Fund Requirement;

(4) The form, title and designation of, and the manner of numbering and lettering, such Bonds;

(5) The date or dates of maturity of such Bonds, and the date of the coupon Bonds of such Series;

(6) The rate or rates of interest borne by, or the manner of determining such rate or rates of, the Bonds of such Series and the interest payment dates of such Bonds;

(7) The portion of the Series of Bonds which are Term Bonds (if any) and the portion of the same which are Serial Bonds (if any);

(8) The Redemption Price or Redemption Prices and the redemption date or redemption dates and other terms of redemption (if any) of any such Bonds;

(9) The Paying Agent or Paying Agents appointed by such Series Resolution for such Bonds, subject to Section 1102;

(10) The amount and date of each Sinking Fund Installment (if any) required by such Series Resolution to be paid by the Agency for the retirement of any of such Bonds;

(11) The designation of any Accounts to be established

pursuant to Article IV and any other accounts deemed advisable by the Agency;

(12) The delegation to an Authorized Officer of the determinations to be made pursuant to a Series Resolution;

(13) The Mortgage Reserve Fund Requirement pursuant to such Series Resolution

(14) Any other provisions deemed advisable by the Agency, not in conflict with or in substitution for the provisions of the Bond Resolution; and

(15) The manner in which Bonds of such Series are to be sold and provisions for the sale and delivery thereof.

Section 203. Issuance and Delivery of Bonds. After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the Agency, authenticated by the Trustee and delivered by the Trustee to the purchasers thereof upon compliance by the Agency with the requirements (if any) set forth in such Series Resolution and with the requirements of Section 204.

Section 204. Conditions Precedent to Delivery of Bonds. Except as provided in Sections 307, 310, 311, 312 and 906 the Trustee shall not deliver to the purchasers or underwriters thereof, any of the Bonds authorized to be issued pursuant to the General Multi-Family Housing Finance Bond Resolution and a Series Resolution unless the Trustee shall, prior to or simultaneously with such delivery, shall have received:

(1) A copy of the Bond Resolution and the applicable Series Resolution, each certified by an Authorized Officer of the Agency;

(2) A Counsel's Opinion stating that, in the opinion of the attorney or firm of attorneys rendering such Counsel's Opinion, the Bond Resolution and the applicable Series Resolution authorizing the Series of Bonds have been duly adopted by the Agency and that the Bond Resolution and the applicable Series Resolution are valid and binding upon the Agency;

(3) An Officer's Certificate stating the amounts to be deposited in the Funds and Accounts referred to in Section 401;

(4) A written order of the Agency signed by an Authorized Officer directing the deposit in the Bond Reserve Fund of so much of the proceeds of the Bonds to be issued, upon their issuance, sale and delivery, as is needed to establish the amount in the Bond Reserve Fund at, or to increase the aggregate amount then held by the Trustee in the Bond Reserve Fund to, the Bond Reserve Fund Requirement;

(5) Except in the case of a Series of Bonds issued pursuant to Section 205, a certificate of an Authorized Officer of the Agency stating that the Agency at the time of issuance of such Bonds, is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution;

(6) The opinion and certificates required by Section

618 of the Bond Resolution.

Section 205. Refunding Bonds. (1) One or more Series of Refunding Bonds may be issued and delivered to the Trustee for authentication to refund any Outstanding Bonds of one or more Series. Bonds of such Series shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits required by the provisions of the Act, this Section, any Series Resolution authorizing a Series of Bonds other than a Series of Refunding Bonds, and the Series Resolution authorizing such Series of Refunding Bonds.

(2) The Bonds of the Series of Refunding Bonds may be delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 204) of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in Section 1201 to the Holders of Bonds and coupons being refunded;

(c) Either:

(i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds

to be refunded, together with accrued interest on such Bonds to the redemption date, or (ii) Investment Obligations described in clause (i) of the definition thereof in Section 105 meeting the requirements of Section 1201 and any moneys required pursuant to said Section, which moneys or Investment Obligations shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of Bonds and coupons being refunded and used to pay when due the Principal Installments of and interest on said Bonds prior to the redemption date until such time as the Bonds being refunded shall be redeemable in accordance with their terms at which time said moneys shall be deposited in the Redemption Account unless the Bonds being refunded are so redeemable at the time of issuance of the Series of Refunding Bonds, in which event such moneys shall be forthwith deposited into the Redemption Account; and

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of this Section 205.

(3) Any balance of the proceeds of the Bonds of each such Series shall be deposited in such Funds or Accounts as shall be specified in the Series Resolution authorizing such Series of Refunding Bonds.

(4) Any moneys received by the Agency from any other source, which receipt is conditioned upon the Agency using such moneys for the redemption of any Outstanding Bonds shall be deemed to be and treated as the proceeds of a Series of Refunding Bonds and the Agency shall deliver to the Trustee the documents and moneys or obligations required by the provisions of paragraph (a), (b) and (c) of subsection 2 of this Section and shall do all other acts and things necessary to accomplish the redemption of such Bonds, in accordance with applicable provisions of this Section.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. Date of Bonds. Each Bond shall be dated as of, and bear interest from, its Issue Date except as otherwise provided in Section 304 in the case of registered Bonds.

Section 302. Interest Payment Dates. Interest on each Bond shall be payable semi-annually on each January 1 and July 1 commencing not more than twelve (12) months after its Issue Date.

Section 303. Principal Installment Date. The date when each Principal Installment with respect to a Bond is payable shall be a January 1 or July 1 as specified in a Series Resolution authorizing such Bonds.

Section 304. Medium of Payment; Form and Date. (A) The Bonds shall be payable, with respect to interest, principal and redemption premium (if any) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The Bonds of each Series shall be issued in the form of coupon Bonds, registerable as to principal only, or in the form of fully registered Bonds without coupons, or in both such forms as more fully specified by the Series Resolution authorizing the issuance thereof.

(C) Coupon Bonds of each Series shall be dated as of the Issue Date specified in the Series Resolution authorizing the issuance thereof. Coupon Bonds of each Series shall bear

interest from their Issue Date, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. Registered Bonds of each Series issued prior to the first Interest Payment Date thereof shall be dated as of their Issue Date. Registered Bonds issued on or subsequent to the first Interest Payment Date thereof shall be dated as of the date six (6) months preceding the Interest Payment Date next following the date of delivery thereof, unless such date of delivery shall be an Interest Payment Date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the registered Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. Registered Bonds of each Series shall bear interest from their Issue Date.

Section 305. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Bond Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Agency prior to the delivery thereof.

Section 306. Execution. (A) The Bonds shall be executed in the name of the Agency by the manual or facsimile signature of its Chairperson or President and its corporate seal (or a

facsimile thereof) shall be thereunto affixed or imprinted, impressed, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of an Authorized Officer of the Agency as shall be directed by the Series Resolution authorizing the issuance thereof or in such other manner as may be required by law. In case any one or more of the directors, officers or employees of the Agency who shall have signed or sealed any of the Bonds or whose signature appears on any of the Bonds or coupons thereof shall cease to be such director, officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds or whose signature appears on any of the Bonds or coupons thereof had not ceased to hold such offices or be so employed until such delivery. Any Bond of a Series may be signed and sealed on behalf of the Agency by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Agency, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The coupons to be attached to the coupon Bonds of each Series shall be executed by the facsimile signature of the Chairperson or President of the Agency, or in such other manner as may be required by law, and the Agency may adopt and use for

that purpose the facsimile signature of any person or persons who shall have been Chairperson or President of the Agency at any time on or after the date of the Bonds of such Series, notwithstanding that he may not have been such Chairperson or President at the Issue Date of any such Bond or may have ceased to be such Chairperson or President at the time when any such Bond shall be actually delivered.

Section 307. Authentication by Trustee. The Bonds shall bear thereon a certificate of authentication, executed by the Trustee or any authorized deputy of the Trustee. Only such Bonds as shall bear thereon such certificates of authentication shall be entitled to any right or benefit under this Bond Resolution, and no Bond and no coupon appurtenant thereto shall be valid for any purpose under this Bond Resolution until such certificate of authentication shall have been duly executed by the Trustee or such deputy. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under this Bond Resolution and that the holders thereof is entitled to the benefits of this Bond Resolution.

Before authenticating or delivering any coupon Bond, the Trustee shall cut off and cancel all matured coupons attached thereto; provided that coupon Bonds issued in exchange for other Bonds shall bear such coupons as may be necessary in order that no gain or loss of interest shall result from the exchange.

Section 308'. Interchangeability of Bonds. (A) Coupon Bonds, upon surrender thereof at the Principal Office of the Trustee with all unmatured coupons and all matured coupons for which no payment or only partial payment has been provided attached, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any of the authorized denominations.

(B) Registered Bonds, upon surrender thereof at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity with appropriate coupons attached, or of registered Bonds of the same Series and maturity of any other authorized denominations.

Section 309. Negotiability, Transfer and Registry. All the Bonds issued under this Bond Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in the Bond Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Agency shall maintain and keep, at the Principal Office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Agency shall register or cause to be registered therein, and permit

to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the Principal Office of the Trustee.

Section 310. Transfer and Registration of Coupon Bonds.

(A) All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 309. Any coupon Bond may be registered as to principal on the books of the Agency at the Principal Office of the Trustee, upon presentation thereof at said office and the payment of a charge sufficient to reimburse the Agency or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but every such coupon shall continue to pass by delivery and shall remain

payable to bearer.

(B) As to any coupon Bond registered as to principal other than to bearer the person in whose name the same shall be registered upon the books of the Agency may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal or Redemption Price (if any) of such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Agency, the Trustee and any Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal other than to bearer, or the person in whose name any coupon Bond for the time being shall be registered upon the books of the Agency, as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons, and neither the Agency, nor the Trustee nor any Paying Agent shall

be affected by any notice to the contrary. The Agency agrees to indemnify and save the Trustee and each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

Section 311. Transfer of Registered Bonds. (A) Each registered Bond shall be transferable only upon the books of the Agency, which shall be kept for that purpose at the Principal Office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the Agency shall issue in the name of the transferee a new registered Bond or Bonds or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and Series and maturity as the surrendered Bond.

(B) The Agency and any Fiduciary may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price (if any) of and interest on such Bond and

for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Agency nor any Fiduciary shall be affected by any notice to the contrary. The Agency agrees to indemnify and save any Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

Section 312. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Agency shall execute and delivery Bonds in accordance with the provisions of the Bond Resolution. All Bonds and coupons surrendered in any such exchanges or transfers shall be retained by the Trustee in safekeeping pursuant to written instructions signed by an Authorized Officer or forthwith be cancelled. The Trustee shall cancel all matured coupons on coupon Bonds exchanged for registered Bonds prior to the delivery of such coupon Bonds. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. The Trustee shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen

(15) days next preceding an Interest Payment Date on the Bonds of such Series, or, in the case of any proposed redemption of Bonds of such Series, after Bonds to be redeemed have been selected.

Section 313. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Agency shall execute and cause the Trustee to deliver a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like Series, maturity and principal amount as the Bond and attached coupons (if any) so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons (if any) or in lieu of and substitution for the Bond and coupons (if any) destroyed, stolen or lost, upon filing with the Agency evidence satisfactory to it and complying with such other reasonable requirements, including indemnity satisfactory to the Trustee, as the Agency may prescribe and paying such expenses as the Agency or the Trustee may incur in connection therewith. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Agency. The Trustee shall advise the Agency and Paying Agents by an Officer's Certificate of the issuance of substitute Bonds or coupons.

Section 314. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the Agency may execute, in

the same manner as is provided in Section 306, and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive coupon Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds (which may be registerable as to principal and interest), substantially of the tenor of the definitive coupon Bonds in lieu of which such temporary Bonds or Bonds are issued, but with or without coupons, in denominations of \$5,000 or any multiples thereof authorized by the Agency, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds in bearer form shall be payable only upon the presentation and surrender of the coupons therefor attached thereto or, if no coupons for such interest are attached thereto, then only upon presentation of such temporary Bonds for notation thereon of the payment of such interest. The Agency at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, with all unmatured coupons (if any), and all matured coupons (if any) for which no payment or only partial payment has been provided, attached, for exchange and the cancellation of such surrendered temporary Bonds and coupons, without charge to the Holder thereof, deliver in exchange therefor, at the Principal Office of the Trustee, definitive coupon Bonds, with appropriate coupons attached, or, at the option of the Holder, definitive registered Bonds, of the same aggregate principal amount.

and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Bond Resolution and a Series Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

ARTICLE IV

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

Section 401. Establishment of Mortgage Loan Funds, Capitalized Interest Accounts and Cost of Issuance Accounts. (1) Special trust funds, which shall each be deposited with and held by or on behalf of the Trustee, are hereby created and established in the California Housing Finance Fund created in the State Treasury by the Act and designated collectively as the "California Housing Finance Agency Multi-Family Mortgage Loan Funds" (hereinafter sometimes called "Mortgage Loan Funds"), for the credit of which deposits shall be made as hereinafter required. Each Series Resolution authorizing the issuance of a Series of Bonds, except a Series Resolution authorizing the issuance of a Series of Refunding Bonds, may establish one or more separate funds designated "Series ___ Multi-Family Mortgage Loan Account" (inserting therein the appropriate Series and other necessary designation). As promptly as practicable after the issuance, sale and delivery of any Series of Bonds, the Agency shall pay into the designated Mortgage Loan Funds the amount of the proceeds derived from the sale of such Series of Bonds, if any, as shall be designated in the Series Resolution authorizing the issuance of such Bonds. Subject to Section 405, moneys so deposited in a Mortgage Loan Fund shall be used by the Agency for making Mortgage Loans in the amounts and for the Housing Developments specified in said Series Resolution. For each Mortgage Loan Fund the Agency shall maintain on its books of account a separate account

for each Mortgage Loan being made from such Mortgage Loan Fund.

(2) There is also hereby created and established in the California Housing Finance Fund created in the State Treasury by the Act a series of special trust funds, which shall each be deposited with and held by the Trustee, and designated collectively as the "California Housing Finance Agency Multi-Family Capitalized Interest Account" (hereinafter sometimes called "Capitalized Interest Account"). Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Bond Resolution the Series Resolution authorizing such Series of Bonds may but shall not be required to establish a separate account designated "Series ___ Multi-Family Capitalized Interest Account" (inserting therein the appropriate Series and other necessary designation), and shall provide for the payment into each such Capitalized Interest Account of the amount of the proceeds derived from the sale of such Series of Bonds, if any, which has been designated by such Series Resolution to be used for the purpose of paying interest on such Series of Bonds prior to or during the Period of Construction of the Housing Developments applicable to such Series. Moneys in the Capitalized Interest Account shall be used, to the extent available, for the purpose of paying interest on such Series of Bonds. At the time of each deposit into a Capitalized Interest Account, the Agency shall advise the Trustee in writing as to the Series of Bonds with respect to which such deposit is made and shall furnish the Trustee with a schedule of dates on which it is required that the moneys in said Account be transferred by the Trustee for deposit in the Interest

Account. Any moneys on deposit in a Capitalized Interest Account not used to pay interest during the Period of Construction shall upon written direction of the Agency be transferred to the Revenue Fund.

(3) There is also hereby created and established in the California Housing Finance Fund created in the State Treasury by the Act a series of special trust funds which shall be deposited with and held by the Trustee, and designated collectively as "California Housing Finance Agency Multi-Family Cost of Issuance Accounts" (hereinafter sometimes called "Cost of Issuance Accounts"). Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Bond Resolution, the Series Resolution authorizing such Series of Bonds may but shall not be required to establish a separate account designated "Series __ Cost of Issuance Account" (inserting therein the appropriate Series and other necessary designation), and shall provide for the payment into each such Cost of Issuance Account of the amount of the proceeds derived from the sale of such Series of Bonds which has been designated by such Series Resolution to be used for the purpose of paying the Costs of Issuance of such Series of Bonds. Such amount shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon requisition signed by an Authorized Officer stating the amount and purpose of any such payment, and upon payment of all Costs of Issuance for each Series of Bonds any amount remaining in such Account shall be paid to and deposited in the Revenue Fund upon receipt by the Trustee of a certificate of an Authorized Officer stating that such moneys are

no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed.

Section 402. Lien of Bondholders. (1) Subject to the provisions of Sections 403 and 405, the moneys deposited to the credit of each Mortgage Loan Fund, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only to the making of Mortgage Loans for the Housing Developments to which such Mortgage Loan Fund relates, in accordance with the provisions of this Article, and are hereby assigned to and pledged to the Trustee, and pending such application, for the benefit of the Holders of the Bonds of the Series from which such moneys were derived and for the security of the payment of the principal of and interest and Sinking Fund Installments on such Bonds, and shall at all times be subject to the lien of such assignment and pledge until paid out and transferred as herein provided.

(2) The moneys deposited to the credit of each Capitalized Interest Account, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only for the purpose of paying interest on the Series of Bonds in respect of which such moneys have been set aside in said Capitalized Interest Account, in accordance with the provisions of this Article, and are hereby assigned to and pledged to the Trustee, pending such application, for the benefit of the Holders of the Bonds

of the Series from which such moneys were derived and for the security of the payment of the principal of and interest on such Bonds, and shall at all times be subject to the lien of such assignment and pledge until paid out and transferred as herein provided.

Section 403. Mortgage Loans. (1) Mortgage Loans for each Housing Development shall be made from moneys in the Mortgage Loan Fund applicable thereto under the provisions of Section 401. All payments from the Mortgage Loan Funds shall be subject to the provisions and restrictions of this Resolution and the Agency covenants that it will not cause or permit to be paid from the Mortgage Loan Funds any sums except in accordance with such provisions and restrictions.

(2) The Trustee shall from time to time pay out, or permit the withdrawal of, moneys in the Mortgage Loan Funds for the purpose of making Mortgage Loans upon receipt by said Trustee of:

(a) a written requisition of the Authority signed by an Authorized Officer stating:

- (i) the Mortgage Loan Fund from which the payment is to be made;
- (ii) the item number of the payment;
- (iii) the name of the Mortgagor to, and Housing Development for, which the payment is to be made; and
- (iv) the amount to be paid;

(b) a certificate signed by an Authorized Officer and attached to the requisition certifying that the amount being paid from the Mortgage Loan Fund pursuant to such requisition, together with all

prior withdrawals from said Mortgage Loan Fund and all prior advances made by the Agency on account of the Mortgage Loan, will not exceed in the aggregate the amount of the Mortgage Loan Commitment for the Housing Development with respect to which the Mortgage Loan is being made to the Mortgagor; that, under the terms and provisions of said Mortgage, the Mortgagor is obligated to make Mortgage Repayments in accordance with the requirements for Mortgages contained in Section 610 and that the Mortgagor is not in default under any of the terms or provisions of said Mortgage; and

(c) a Counsel's Opinion stating that there has been duly recorded and exists in force and effect a valid and enforceable Mortgage on the Housing Development with respect to which the Mortgage Loan is being made and that such Mortgage complies with all of the applicable requirements of Section 610.

Upon receipt of each such requisition and accompanying certificate and Counsel's Opinion the Trustee shall pay each such item from the applicable Mortgage Loan Fund directly to the Mortgagor entitled thereto as named in such requisition, or shall deliver to the Agency or at the Agency's direction checks or drafts for the payment thereof, or shall make arrangements for the transfer and deposit of the amount for such payment, as the Agency shall request.

Section 404. Retention and Inspection of Documents.

All requisitions and certificates received by the Trustee, as required in this Article as conditions of payment from the Mortgage

Loan Funds, may be relied upon by and shall be retained in the possession of the Trustee, subject at all times during normal business hours to the inspection of the Agency and, upon written request of the Holders or their representatives duly authorized in writing, of not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds.

Section 405. Transfer of Surplus Funds. (1) The Agency covenants that, promptly upon the fulfillment of its Mortgage Loan Commitment to a Mortgagor and after issuance of its final Series of Bonds with respect to a Housing Development, it will deliver to the Trustee a certificate, signed by an Authorized Officer, certifying such fact and stating the amounts derived from Bond proceeds, if any, remaining in the applicable Mortgage Loan Fund attributable to such Housing Development. The Trustee shall, pursuant to an Authorized Officer's written direction, deposit any such amounts into (i) one or more other Mortgage Loan Funds for the purpose of making one or more other Mortgage Loans, or (ii) the Redemption Account for the purchase or redemption of Bonds of the Series issued for the purpose of funding such Mortgage Loan Commitment.

(2) In the event that the Agency determines by resolution that it shall not proceed to make a Mortgage Loan with respect to a Housing Development for which moneys have been deposited in a Mortgage Loan Fund, the Trustee upon receipt of such resolution, shall deposit such amounts, as determined by such resolution, (i) in one or more other Mortgage Loan Funds for the purpose of making one

or more other Mortgage Loans, or (ii) in the Redemption Account for the purchase or redemption of Bonds of the Series issued for the purpose of funding such Mortgage Loan.

(3) In the event that there shall be amounts remaining in any Mortgage Loan Fund, derived from Bond proceeds (not including amounts transferred to a Mortgage Loan Fund pursuant to Section 613) three (3) years after the date of issuance of the Series of Bonds from which such proceeds were derived, or such lesser period of time as may be provided in the applicable Series Resolution, the Trustee shall deposit such amounts in the Redemption Account for the purchase or redemption of Bonds of the Series from which such proceeds were derived.

(4) In the event that there shall be amounts remaining in any Mortgage Loan Fund derived from a transfer pursuant to Section 613 one (1) year after the date of such transfer, the Trustee shall deposit such amounts in the Redemption Account for the purchase or redemption of Bonds of the Series from which such amounts were derived.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS
AND APPLICATION THEREOF

Section 501. Pledge. The Revenues, Prepayments, Recovery Payments, Acquired Development Receipts and all Funds and Accounts established by this Article V, including the investments thereof and the proceeds of such investments (if any) are hereby pledged for the payment of the principal and Redemption Price of and interest and Sinking Fund Installments on the Bonds in accordance with the terms and provisions of this Bond Resolution, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution, and this pledge shall be valid and binding from and after the date of adoption of this Bond Resolution, and the Revenues, Prepayments, Recovery Payments and Acquired Development Receipts as received by the Agency and all other moneys and securities in the Funds and Accounts established by this Article V hereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, irrespective of whether such parties have notice thereof.

Section 502. Establishment of Funds and Accounts. The Agency hereby establishes and creates the following special Funds

and Accounts in the California Housing Finance Fund created in the State Treasury by the Act, which shall be special Funds and Accounts held by the Trustee:

- (1) Revenue Fund
- (2) Bond Service Fund
 - Interest Account
 - Principal Account
 - Sinking Fund Account
 - Redemption Account
- (3) Acquired Development Fund
- (4) Bond Reserve Fund
- (5) Special Fund

Section 503. Revenue Fund. (1) All revenues held or collected by the Agency or the Trustee shall be deposited upon receipt in the Revenue Fund. There shall also be transferred to and deposited in the Revenue Fund any moneys available for such purpose as provided in paragraph (2) and (3) of Section 401, in subparagraph (D) of paragraph (5) of Section 504, in paragraph (1) of Section 505 and in paragraph (7) of Section 506. Moneys and the proceeds of sale of securities from time to time in the Revenue Fund shall be paid out and applied for the uses and purposes for which the same are pledged by the provisions of this Resolution, in the manner provided in this Resolution.

(2) On or before each Interest Payment Date on the Bonds, the Trustee shall withdraw from the Revenue Fund and deposit to the credit of the following Accounts in the Bond Service Fund the following amounts in the following order:

First: To the Interest Account that amount which, when added to the amount then on deposit in the Interest Account for the Bonds, equals the installment of interest on the Bonds due and payable on such Interest Payment Date;

Second: To the principal Account an amount such that, if a like amount were so paid and credited to the Principal Account from the same source on each succeeding Interest Payment Date on or before the next Principal Installment Date for any Series of Bonds, the aggregate of the amounts so paid and credited to the Principal Account, when added to the amount then on deposit in the Principal Account, would equal the amount of the principal of the Bonds due and payable on such Principal Installment Date;

Third: To the Sinking Fund Account an amount such that, if a like amount were so paid and credited to the Sinking Fund Account from the same source on each succeeding Interest Payment Date on or before the next date upon which a Sinking Fund Installment falls due for any Series of Bonds, the aggregate of the amounts so paid and credited to the Sinking Fund Account, when added to the amount then on deposit in the Sinking Fund Account, would be equal to the amount of the unpaid Sinking Fund Installment then falling due, plus the amount required to pay the premium (if any) upon any redemption of Term Bonds when such Sinking Fund Installment falls due.

(3) On or before each Interest Payment Date, after providing for the payments into the Bond Service Fund pursuant to paragraph (2) above, the Trustee shall withdraw from the Revenue Fund and deposit to the credit of the Acquired Development Fund such amount (if any) as may be specified in a certificate signed by an Authorized Officer as necessary to provide sufficient moneys in the Acquired Development Fund to meet the Acquired Development Expense Requirement for the next succeeding six (6) months.

(4) On or before each Interest Payment Date, after providing for the payments into the Bond Service Fund pursuant to paragraph (2) above and for the payments into the Acquired Development Fund pursuant to paragraph (3) above, the Trustee shall withdraw from the Revenue Fund and deposit into the Bond Reserve Fund such amount as shall be required to bring the Bond Reserve Fund up to the Bond Reserve Fund Requirement.

(5) On or before each interest payment date, after providing for all payments required to be made into the Bond Service Fund pursuant to paragraph (2) above, into the Acquired Development Fund pursuant to paragraph (3) and into the Bond Reserve Fund pursuant to paragraph (4) above, the Trustee shall withdraw from the Revenue Fund and deposit to the credit of, or transfer to, the Special Fund the balance of the moneys so remaining in the Revenue Fund.

Section 504. Bond Service Fund. (1) The Bond Service Fund shall be used solely for the purpose of paying the

principal and Redemption Price of and interest and Sinking Fund Installments on the Bonds, and of retiring such Bonds at or prior to maturity in the manner provided herein and in any Series Resolution. All moneys deposited in the Bond Service Fund shall be disbursed and applied by the Trustee at the times and in the manner provided in this Section 504.

(2) The Trustee shall, on or before each Interest Payment Date, pay out of the moneys then held for the credit of the Interest Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the interest becoming due on the Bonds on such Interest Payment Date, and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of such interest. The Trustee shall also pay out of the Interest Account to itself and the appropriate Paying Agents, on or before any redemption date for Bonds being purchased or redeemed prior to the maturity thereof in accordance with this Bond Resolution or being refunded by a Refunding Issue, the amount required for the payment of interest on the Bonds then to be so purchased or redeemed, to the extent not otherwise provided pursuant to the other provisions of this Bond Resolution.

(3) The Trustee shall, on or before each Principal Installment Date, pay out of the moneys then held for the credit of the Principal Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of

the principal becoming due on the Bonds on such Principal Installment Date, and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of such principal.

(4) The Trustee shall, on or before the due date of each Sinking Fund Installment, pay out of the moneys then held for the credit of the Sinking Fund Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the principal of, and Redemption Price (if any) of the Term Bonds then subject to redemption, and such amounts so withdrawn are hereby irrevocably dedicated for and shall be applied to the payment of such Term Bonds.

The amount of moneys set aside in the Sinking Fund Account shall be applied, to the extent then available, on the due date of each Sinking Fund Installment to the redemption of the Term Bonds, to the extent the same are then subject to redemption, in the manner provided in this Bond Resolution or to the payment of any principal then due on such Term Bonds. The Trustee may, at any time, in its sole discretion, purchase Term Bonds of the Series of Bonds with respect to which a Sinking Fund Installment is to be made or portions of such Term Bonds in the manner provided in this Bond Resolution, whether or not such Term Bonds or portions thereof shall then be subject to redemption. On or before the date fixed for redemption of any Term Bonds, the Trustee shall withdraw from the Interest Account and from the Sinking Fund Account and shall pay to itself and the appropriate Paying

Agents the respective amounts required for payment, the interest on and the Redemption Price of the Term Bonds or portions of the Term Bonds so called for redemption.

(5) (A) Any moneys deposited into the Redemption Account by the Agency or transferred into the Redemption Account pursuant to Article VI shall be applied to the purchase or retirement of the Bonds of the Series in respect of which such moneys were directly or indirectly derived, as determined and designated by an Officer's Certificate.

The Trustee shall promptly apply such moneys to the purchase of Bonds of the designated Series of the maturities specified in a certificate of an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds shall then be subject to redemption, such price, however, not to exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds of the Series so purchased are redeemable at the option of the Agency according to their terms. The Trustee shall pay the interest accrued on the Bonds so purchased to the date of delivery thereof to the Trustee from the Interest Account and the balance of the purchase price from the Redemption Account, as hereinabove provided, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Series Resolution authorizing the issuance thereof.

In the event the Trustee is unable to purchase Bonds of a Series in accordance with and under the foregoing provisions of this subparagraph (A), there is \$100,000 or more in the Redemption Account attributable to Bonds of a Series, the Trustee shall call for redemption on the next ensuing redemption date such amount of Bonds of such Series of the maturities specified in a certificate of an Authorized Officer as will exhaust said amount as nearly as may be. Such redemption shall be made pursuant to the provisions of Article VII hereof. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of redemption from the Interest Account and the Redemption Price from the Redemption Account.

(B) The Agency may, from time to time, by written instructions direct the Trustee to make purchases under subparagraph (A) above only after receipt of tenders after published notice. The Agency may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be by sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under subparagraph (A) above for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of moneys available for purchase,

then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

(C) If at any time the moneys on deposit to the credit of the Bond Reserve Fund, or the investments thereof, are less than the Bond Reserve Fund Requirement, and there are then moneys on deposit in the Redemption Account, the Trustee shall transfer from the Redemption Account and deposit to the credit of the Bond Reserve Fund the amounts sufficient to make up such deficiency.

(D) In the event an amount is on deposit in the Redemption Account after the Mortgage Loan with respect to which such amount is attributable has been paid in full and after all Bonds of the Series with respect to which such amount is attributable have been paid and are no longer Outstanding, the Trustee shall, when directed in writing by the Authority, transfer such amount and deposit the same in the Revenue Fund.

(6) In the event there shall be, on any Interest Payment Date, a deficiency in the Interest Account, or, in the event there shall be, on any Principal Installment Date, a deficiency in the Principal Account, or in the event there shall be, on any Sinking Fund Installment date, a deficiency in the Sinking Fund Account, the Trustee shall make up such deficiencies from the Bond Reserve Fund

by the withdrawal of moneys therefrom for that purpose and by the sale or redemption of securities held in the Bond Reserve Fund, if necessary, in such amounts as will, at the respective times, provide moneys in the Interest Account, Principal Account and Sinking Fund Account sufficient to make up any such deficiency, and the Trustee shall, in accordance with the provisions of paragraph (4) of Section 503, pay into the Bond Reserve Fund from the Revenue Fund, to the extent that moneys therein are available for such purpose, the amounts withdrawn therefrom for the purpose of making up any such deficiencies. Whenever the assets of the Bond Service Fund and the Bond Reserve Fund shall be sufficient in the aggregate to provide moneys to pay, redeem or retire all Bonds then Outstanding, including such interest thereon as may thereafter become due and payable to maturity or date of redemption, no further payments need be made into the Bond Service Fund or Bond Reserve Fund.

(7) The Bond Service Fund shall be drawn upon for the sole purpose of paying the principal and Redemption Price of and interest on the Bonds. Moneys set aside from time to time with the Trustee and Paying Agents for the payment of such principal, Redemption Price and interest shall be held in trust for the Holders of the Bonds and appurtenant coupons in respect of which the same shall have been so set aside. Until so set aside for the payment of principal, Redemption Price or interest as aforesaid, all moneys in the Bond Service Fund shall be held in trust

for the benefit of the Holders of all Bonds at the time Outstanding equally and ratably and without any preference or distinction as between Bonds of different Series, except that moneys on deposit in the Redemption Account shall be held in trust for and applied to the payment of the Bonds of the Series designated by the Agency.

Section 505. Acquired Development Fund. (1) There shall be deposited in the Acquired Development Fund all Acquired Development Receipts and moneys (if any) withdrawn from the Revenue Fund pursuant to the provisions of paragraph (3) of Section 503. Moneys at any time held in the Acquired Development Fund shall be used for and applied solely to the payment of Acquired Development Expenses; provided that on each interest payment date, the Trustee shall, upon written direction of the Agency, transfer to the Revenue Fund any Acquired Development Operating Income and any moneys or investments then in the Acquired Development Fund which have been specified in a certificate of an Authorized Officer as not being necessary to meet the Acquired Development Expense Requirement for the next succeeding six (6) months.

(2) Payments from the Acquired Development Fund shall be made by the Trustee upon receipt of a requisition, signed by an Authorized Officer, stating in respect to each payment to be made, (i) the item number of the payment, (ii) the Acquired Development with respect to which such payment is to be made, (iii)

the name of the person or party to whom payment is to be made, (iv) the amount to be paid, and (v) that the amount of such payment, when added to the amount of all previous payments made with respect to the specified Acquired Development during the current period for which an Acquired Development Expense Requirement has been established by the Agency for such Acquired Development, is not in excess of the then current Acquired Development Expense Requirement for such Acquired Development. Upon receipt of each such requisition, the Trustee shall make payment of the amounts requested thereby to the Agency by check or draft, or shall make arrangements for the transfer, deposit or payment of such amounts as directed by the Agency. For the Acquired Development Fund and for any other funds or accounts established by the Agency for the use of moneys withdrawn from the Acquired Development Fund, the Agency shall maintain on its books and records a separate account for each Acquired Development. The Agency shall provide to the Trustee, at least quarterly, reports for each Acquired Development showing in reasonable detail the expenditures which were made from moneys withdrawn from the Acquired Development Fund.

Section 506. Bond Reserve Fund. (1) The Agency hereby obligates and binds itself irrevocably to pay, or cause to be paid, directly into the Bond Reserve Fund (i) all moneys appropriated and made available by the State to the Agency for the payment of principal of, whether at maturity or Sinking Fund Installment due date, and interest on the Bonds pursuant to Section

41365.5 of the Act, (ii) such portion of the proceeds of sale of Bonds (if any) as shall be provided by the Series Resolution authorizing the issuance thereof, (iii) such portion of the proceeds of the sale of Notes (if any) as shall be provided by the resolution of the Agency authorizing the issuance thereof, and (iv) any other moneys which may be made available to the Agency for the purposes of the Bond Reserve Fund from any other source or sources. The Trustee shall deposit in and credit to the Bond Reserve Fund (i) all moneys transferred from the Revenue Fund pursuant to the provisions of paragraph (4) of Section 503, and (ii) all moneys transferred from the Redemption Account pursuant to the provisions of subparagraph (C) of paragraph (5) of Section 504.

(2) Moneys and securities held for the credit of the Bond Reserve Fund shall be transferred by the Trustee to the Interest Account, Principal Account and Sinking Fund Account at the times and in the amounts required to comply with the provisions of paragraph (6) of Section 504.

(3) On or before each Principal Installment Date the Trustee shall transfer from the Bond Reserve Fund to the Bond Service Fund an amount of money equal to the reduction of the Bond Reserve Fund Requirement (if any) which would result upon such Principal Installment Date, provided that such transfer does not reduce the amount in the Bond Reserve Fund to less than the amount of the Bond Reserve Fund Requirement after such Principal Installment Date.

(4) Whenever the Trustee shall determine that, on the next to final maturity date of the Bonds of a Series then Outstanding having the next succeeding final maturity date, the moneys and securities in the Bond Reserve Fund in excess of the Bond Reserve Fund Requirement for all Bonds, excepting the Bonds of such Series, will be equal to or in excess of the Redemption Price of all of the Bonds of the final maturity of such Series then Outstanding, the Trustee shall, unless the Agency shall otherwise direct, use and apply such excess in the Bond Reserve Fund to the redemption, on the next to final maturity date, of all Bonds of such Series then Outstanding maturing on the final maturity date of such Series. Such redemption shall be made pursuant to the provisions of Article VII hereof.

(5) Whenever the Trustee shall determine that, on the final maturity date of the Bonds of a Series then Outstanding having the same final maturity date, the moneys and securities in the Bond Reserve Fund will be in excess of the Bond Reserve Fund Requirement for all Bonds, excepting such Series, the Trustee shall use and apply such excess in the Bond Reserve Fund to the payment, on the final maturity date, of the principal of the Bonds of such Series then Outstanding and deposits in the Principal Account or Sinking Fund Account, as the case may be, may be reduced proportionately.

(6) Whenever a transfer of moneys to the Redemption Account is made pursuant to Section 405 or Section 613 requiring or

permitting the purchase or redemption of Bonds which would result in the reduction of the Bond Reserve Fund Requirement upon the purchase or redemption of such Bonds, the Trustee shall, in connection with each such purchase or redemption, withdraw from the Bond Reserve Fund and deposit in the Redemption Account an amount of moneys equal to the reduction of the Bond Reserve Fund Requirement which would result upon the redemption of such Bonds upon the next succeeding redemption date. The amount of moneys to be withdrawn from the Bond Reserve Fund in each instance pursuant to the provisions of this paragraph shall be determined by the Agency and the amount thereof certified to the Trustee in writing.

(7) Any income or interest earned by, or increment to, the Bond Reserve Fund due to the investment thereof shall, upon written direction of an Authorized Officer of the Agency, be transferred as earned by the Trustee to the Revenue Fund, but only to the extent that any such transfer will not reduce the amount of the Bond Reserve Fund below the Bond Reserve Fund Requirement. If, at any time upon the payment or retirement of Bonds at maturity or upon purchase or redemption, the moneys and securities in the Bond Reserve Fund are in excess of the Bond Reserve Fund Requirement, and the use or transfer of such excess is not otherwise provided for in this Resolution, the Trustee, upon the written request of the Agency, shall transfer such excess to and deposit the same in the Bond Service Fund.

Section 507. Special Fund. All amounts deposited in the Special Fund may be used to make payments to the Revenue Fund, the Bond Service Fund or any Account therein, the Acquired Development Fund or the Bond Reserve Fund, as determined by an Officer's Certificate specifying the Fund or Account into which such amounts are to be paid. Amounts in the Special Fund may also be applied, free and clear of any lien or pledge created by the Bond Resolution, for any lawful purpose of the Agency consistent with Section 605, if and so long as such amounts are not necessary to be transferred to any of the above Funds and Accounts provided, however, that any such moneys shall be first applied by the Agency to compensate each Fiduciary in accordance with Section 1106 of the Bond Resolution and then to pay administrative expenses of the Agency with respect to the Multi-Family Housing Finance program and provided further that no such amounts shall be released from the Special Fund so long as there is any deficiency in any Fund or Account established under the Resolution.

Section 508. Disposition of Bonds and Coupons Upon Payment. All Bonds paid and redeemed, or purchased by the Trustee, under the provisions of this Resolution, either at or before maturity, together with all unmatured coupons (if any) appertaining thereto, shall be cancelled when such payment, redemption or purchase is made, and such Bonds and coupons, unless then held by the Trustee, shall be delivered to the Trustee. All interest coupons shall be cancelled upon their payment and delivered to

the Trustee. All cancelled Bonds and coupons shall from time to time, upon direction of the Agency, be cremated or otherwise destroyed by the Trustee, and the Trustee shall execute a certificate of cremation or other destruction in duplicate describing the Bonds and coupons so cremated or otherwise destroyed, and one executed certificate shall be filed with the Agency and the other executed certificate shall be retained by the Trustee.

Section 509. Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Resolution, the Trustee shall keep accurate records of the source of the moneys used to pay, redeem or purchase such Bonds (whether derived from any balance remaining in a Mortgage Loan Fund or a Capitalized Interest Account, Revenues, Prepayments, Recovery Payments, Bond Reserve Fund, or otherwise) and when such records shall evidence the payment and retirement, from moneys derived from, or applicable to, a particular Housing Development, of Bonds issued with respect to such Housing Development, then and in that event, Bonds issued with respect to such Housing Development shall be deemed to have been fully paid and retired and no longer Outstanding.

ARTICLE VI

PARTICULAR COVENANTS OF AGENCY

Section 601. General. The Agency hereby particularly covenants and agrees with the Trustee and with the Holders of the Bonds and the coupons appertaining thereto and makes provisions which shall be a part of its contract with such Holders, to the effect and with the purpose set forth in the following provisions and Sections of this Article. The provisions of this Article shall be effective from and after the time of the delivery by the Agency of the first Bond delivered under the Bond Resolution.

Section 602. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid the principal of and interest on the Bonds, at the dates and places and in the manner mentioned in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and shall pay or cause to be paid to the Trustee any part of any Sinking Fund Installments payable into the Bond Service Fund pursuant to any provision of the Bond Resolution.

Section 603. Payment of Lawful Charges. The Agency shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon the Agency or in respect of a Housing Development or upon any revenue therefrom, when the same shall become due and shall duly observe and comply with all valid requirements of any municipal or governmental authority

relative to a Housing Development, and shall not create or suffer to be created any lien or charge upon the Revenues, moneys, securities, Mortgage Loans, Funds or Accounts created by Article V hereof, except the pledge and lien created by the Bond Resolution for the payment of the principal or Redemption Price of and interest on the Bonds and Sinking Fund Installments for the retirement thereof.

Section 604. Budget. The Agency shall prepare and file with the Trustee the budget referred to in Section 41360 of the Act. The Agency shall comply with any reasonable request of the Trustee for information contained in the classifications in which such budget shall be prepared, particularly with respect to the divisions into which such budget shall be divided.

Section 605. Tax Covenant. (A) 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, except that the Agency shall not be in any violation of this covenant as the result of any Bond being held by a person who, within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended, is a "substantial user" of the facilities with respect to which the proceeds of such Bond were used or is a "related person".

(B) The Agency hereby particularly covenants and agrees

with the holders of the Bonds and coupons that no part of the proceeds of the Bonds or any other funds of the Agency shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any Bond to be an arbitrage bond as defined in subsection (d) (2) of section 103 of the Internal Revenue Code of 1954 of the United States of America and any applicable Regulations issued thereunder.

Section 606. Accounts and Reports. (A) The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to Mortgages, Mortgage Loans, Revenues, Prepayments, Recovery Payments, Acquired Developments, Acquired Development Receipts, the Agency Administrative Fund and all Funds and Accounts established by this Bond Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five per centum (5%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Agency shall annually, within ninety (90) days after the close of each Fiscal Year, file with the Trustee and with such officials of the State, if any, as may be required by the Act a copy of the annual report for such Fiscal Year, accompanied by an Accountant's Certificate, setting forth in reasonable detail:

- (1) its operations and accomplishments;
 - (2) its receipts and expenditures in accordance with the categories or classifications established by the Agency for its operating and Housing Development purposes;
 - (3) its assets and liabilities and fund balances at the end of such Fiscal Year, including all Funds and Accounts established by the Bond Resolution; and
 - (4) any other matters required by the Act.
- (C) A copy of each such Annual Report and Accountant's Certificate shall be mailed promptly thereafter by the Agency to each Bondholder who shall have filed his name and address with the Agency for such purpose.
- (D) The Agency agrees immediately upon becoming aware of the existence of any default under this Bond Resolution which with the passage of time may become an Event of Default, to notify the Trustee in writing specifying the nature and existence thereof and what action the Agency is taking and proposes to take with respect thereto.

Section 607. 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 608. Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by the Bond Resolution or applicable Series Resolution to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 609. The Bond Reserve Fund. (A) The Agency shall at all times maintain from the Revenues and other moneys, funds and amounts pledged hereunder and available therefor the Bond Reserve Fund created and established by Section 502 at the Bond Reserve Fund Requirement and do and perform or cause to be done and performed each and every act and thing with respect to the Bond Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee or the Paying Agents under the terms and provisions of Article V hereof or of the Act.

(B) In order to comply with the provisions of Section 41365.5 of the Act, the Agency shall cause the President to 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 of the State, if the Agency determines or receives information, verified by the State Treasurer, that moneys of the Agency pledged to the payment of the Bonds will not be sufficient for the payment of the principal or

Redemption Price of and interest on the Bonds and the Sinking Fund Installments for the retirement thereof and to restore and maintain the Bond Reserve Fund in an amount equal to the Bond Reserve Fund Requirement. All moneys as may be received by the Agency from the State for the purpose of providing for any such insufficiency shall be paid to the Trustee for deposit and credit to the Bond Reserve Fund in accordance with Section 506.

Section 610. Mortgage Provisions. No Mortgage Loan shall be made by the Agency from the proceeds of Bonds unless the Mortgage and other related documents under which such Mortgage Loan is to be made shall comply with the following terms, conditions, provisions and limitations, and shall have been approved by the Agency.

(a) The Mortgagor must be eligible under the Act, as amended, from time to time, and the Mortgage shall be executed and recorded in accordance with the requirements of existing laws;

(b) The Mortgage shall constitute and create a first mortgage lien on the real property or interest therein of the Housing Development with respect to which the Mortgage Loan secured thereby is made and a first security interest in the personal property acquired with proceeds of the Mortgage Loan and attached to or used in connection with the operation of such Housing Development;

(c) The amount of the Mortgage Loan to be made by the

Agency to the Mortgagor under the Mortgage shall not exceed the then established Cost of Development or any other limitation prescribed by law or authorized regulation, whichever is less;

(d) The scheduled Mortgage Repayments, including fees and charges, pursuant to the Mortgage shall be sufficient to produce moneys which the Agency determines shall be sufficient in amount and time of payment to permit the Agency to pay when due the Agency's estimate of the Mortgagor's share of its Administrative Expenses and the principal of and Sinking Fund Installments and interest on the Bonds issued in connection with the Mortgagor's Mortgage Loan or the financing thereof;

(e) The effective yield to maturity of the Mortgage Loan to the Agency (taking into consideration any fees and charges imposed by the Mortgage and, in the case of a Mortgage Loan with a fixed stated rate of interest at the time of the making or acquisition thereof, determined by reference to a standard table of mortgage yields for monthly level payment self-liquidating mortgages, applied to the stated original principal amount of the Mortgage Loan) is at least one-quarter of one percent greater than the average net interest cost of the Series of Bonds issued for such Mortgage Loan, or, if such Mortgage Loan is made with the proceeds of more than one Series of Bonds, the weighted average net interest cost of all such Series;

(f) The Mortgagor shall have provided, or will provide in a manner satisfactory to the Agency, in payment of the Cost of Development, an amount equal to the difference between the Cost of Development and the Mortgage Loan Commitment of the Agency;

(g) The Mortgagor shall have acquired title to the site of the Housing Development or an interest in real property sufficient for the location thereon of the Housing Development, free and clear of all liens and encumbrances which would materially affect the value or usefulness of such site or interest in real property for the intended use thereof;

(h) The Mortgagor shall have obtained all governmental approvals then required by law for the acquisition, construction, ownership and operation of the Housing Development by the Mortgagor;

(i) The Mortgagor shall have obtained the approval by the Agency of preliminary plans and specifications of the Housing Development, and the Mortgage shall obligate the Mortgagor to obtain, within a reasonable time, the Agency's approval of final plans and specifications;

(j) The Mortgagor shall be prohibited from selling, leasing or otherwise encumbering the Housing Development unless approved by the Agency and a Prepayment is made by the Mortgagor in compliance with Section 615, except that

(i) a Mortgagor, with the written consent of the Agency, may grant easements, licenses or rights-of-way over, under or upon the site of a Housing Development, so long as such easements, licenses or rights-of-way do not destroy or diminish the value or usefulness of such site, as determined by the Agency in connection with the provision of such written consent, (ii) when and to the extent authorized by law, a Mortgagor, with the written consent of the Agency may lease a Housing Development or a portion thereof to a third party for the purposes of operation, such lease to be subject to all of the terms, provisions and limitations of the Mortgage relating to such Housing Development, (iii) a Mortgagor, with the written approval of the Agency, may sell or exchange any land not required for a Housing Development, provided that the proceeds derived by the Mortgagor from the sale of any such lands shall be paid over to the Agency for deposit into the Redemption Account and such moneys shall be used and applied as provided in subparagraph (A) of paragraph (5) of Section 504, and (iv) the Mortgagor may be permitted to sell a Housing Development to another Mortgagor approved by the Agency, which successor Mortgagor shall assume the existing Mortgage.

Upon conveyance of a Housing Development to, and assumption of the Mortgage by, a successor Mortgagor, in accordance with the above provision relating thereto, the

Agency may release the original Mortgagor from its obligations under the Mortgage;

(k) The Mortgage shall not permit a Prepayment except in a manner which will permit the Agency to comply with the provisions of Section 615.

Section 611. Modification of Mortgage Terms. The Agency shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of any Mortgage Loan or the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner detrimental to Bondholders; provided, however, that the Agency may consent to the modification of and modify such Mortgage Loan and the Mortgage securing the same and the Mortgage Repayments to be made thereunder so long as the scheduled Mortgage Repayments after such modification will be sufficient in amount and time of payment to comply with the provisions of paragraph (d) of Section 610.

Section 612. Sale of Mortgages by Agency. (1) The Agency shall not sell any Mortgage or other obligation securing a Mortgage Loan made or purchased by the Agency which is not in default unless the sales price thereof received by the Agency shall not be less than the aggregate of (i) the principal amount of the Mortgagor's Mortgage Loan remaining unpaid, (ii) the Mortgagor's proportionate share of the principal amount of the Bonds of the Series issued for such Mortgage Loan issued for the purpose of paying financing costs and making deposits in the Bond Reserve

Fund, a Cost of Issuance Account or a Capitalized Interest Account and remaining unpaid, (iii) the interest to accrue on all Bonds to be redeemed by the Agency upon the sale of such Mortgage to the next call date thereof not previously paid by the Mortgagor, (iv) the redemption premium on the Bonds so to be redeemed, and (v) the costs and expenses of the Agency in effecting the redemption of the Bonds so to be redeemed, less the amount of (i) applicable moneys available in the Redemption Account and (ii) moneys available for withdrawal from the Bond Reserve Fund and application to the redemption of such Bonds in accordance with the terms and provisions of this Resolution, as determined by the Agency and (iii) any other legally available funds of the Agency transferred to the Redemption Account.

(2) The Agency shall not sell any Mortgage or other obligation securing a Mortgage Loan made or purchased by the Agency which is in default unless the sales prices thereof received by the Agency shall not be less than the aggregate of (i) the principal amount of the Mortgagor's Mortgage Loan remaining unpaid, (ii) the Mortgagor's proportionate share of the principal amount of the Bonds of the Series issued for such Mortgage Loan issued for the purpose of paying financing costs and making deposits in the Bond Reserve Fund, a Cost of Issuance Account or a Capitalized Interest Account and remaining unpaid, (iii) the interest to accrue on all Bonds to be redeemed by the Agency upon the sale of such Mortgage to the next call date thereof not previously paid

by the Mortgagor, (iv) the redemption premium on the Bonds so to be redeemed, and (v) the costs and expenses of the Agency in effecting the redemption of the Bonds so to be redeemed, less the amount of (i) applicable moneys available in the Redemption Account, (ii) moneys available for withdrawal from the Bond Reserve Fund and application to the redemption of such Bonds in accordance with the terms and provisions of this Resolution, as determined by the Agency, (iii) any other legally available funds of the Agency transferred to the Redemption Account, (iv) any future transfers to the Redemption Account to which the Agency has committed itself or for which it has made provision.

Section 613. Disposition of Recovery Payments and Prepayments. Recovery Payments and Prepayments less the cost and expenses of the Agency incurred in collecting such Recovery Payments and Prepayments and of effecting the redemption of the Bonds to be redeemed (if any) shall, in the sole discretion of the Agency, (i) be deposited in one or more Mortgage Loan Funds for the purpose of making, within one year of such deposit, one or more Mortgage Loans, or (ii) be deposited in the Redemption Account and shall be applied to the payment, retirement or redemption of the appropriate Bonds in accordance with the provisions of this Resolution.

Section 614. Enforcement and Foreclosure of Mortgages.

(1) The Agency shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of Mortgages securing Mortgage

Loans made by the Agency, including the prompt collection of Mortgage Repayments and Revenues.

(2) Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under this Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage and, in protection and enforcement of its rights under such Mortgage, shall bid at least an amount equal to principal of and Sinking Fund Installments and interest on the then Outstanding Bonds issued for the purposes described in Section 202 in connection with the Mortgage Loan or the financing thereof for the Housing Development covered by such Mortgage at the foreclosure or other sale thereof and if its bid is successful to purchase and acquire and take possession of such Housing Development.

(3) Upon foreclosure or other acquisition of a Housing Development, and so long as the Agency shall have title thereto or be in possession thereof, the Agency shall, as the case may be, construct, operate and administer such Acquired Development in the place and stead of the Mortgagor and in the manner required of such Mortgagor by the terms and provisions of the Mortgage. In so doing, the Agency, to the extent it may have moneys available for such purpose, including any moneys on deposit in the Mortgage Loan Fund relating to such Acquired Development, shall complete the

construction and development of any incomplete Acquired Development. The Trustee shall be authorized to pay to the Agency upon its requisition any moneys on deposit in the Mortgage Loan Fund established with respect to an Acquired Development to the extent that the Agency shall certify in writing to such Trustee that such moneys are required by the Agency to pay any item that would have been included in the Cost of Development of such Acquired Development had the Agency not acquired the same. The Agency shall pay from moneys withdrawn from the Acquired Development Fund the costs and expenses of operating any Acquired Development, including the Mortgage Repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. From moneys withdrawn from the Acquired Development Fund, the Agency shall pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to such Acquired Development prior to the payment of Mortgage Repayments and other costs and expenses of operating such Acquired Development.

(4) Notwithstanding the provisions of paragraph (3) of this Section 614, upon foreclosure or other acquisition of a Housing Development:

(a) The Agency may at any time thereafter sell such Acquired Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible

Mortgagor were the original Mortgagor, provided that the Mortgage securing such a Mortgage Loan shall contain the terms, conditions, provisions and limitations required by Section 610 hereof;

(b) The Agency may at any time thereafter sell such Acquired Development to a party other than an eligible Mortgagor, provided that the sales price thereof received by the Agency shall not be less than the aggregate of (i) the principal amount of the Mortgagor's Mortgage Loan remaining unpaid, (ii) the Mortgagor's proportionate share of the principal amount of the Bonds of the Series issued for such Mortgage Loan issued for the purpose of paying financing costs and making deposits in the Bond Reserve Fund, a Cost of Issuance Account or a Capitalized Interest Account and remaining unpaid, (iii) the interest to accrue on all Bonds to be redeemed by the Agency upon the sale of such Mortgage to the next call date thereof not previously paid by the Mortgagor, (iv) the redemption premium on the Bonds so to be redeemed, and (v) the costs and expenses of the Agency in effecting the redemption of the Bonds so to be redeemed, less the amount of (a) applicable moneys available in the Redemption Account, (b) applicable moneys available for withdrawal from the Bond Reserve Fund and application to the redemption of such Bonds in accordance with the terms and provisions of this Resolution, as

determined by the Agency, (c) any other legally available funds of the Agency transferred to the Redemption Account, (d) any future transfers to the Redemption Account to which the Agency has committed itself or for which it has made provision.

(c) In the event such Acquired Development shall not have been completed, the Agency may elect to complete only a portion of such Housing Development and to sell off any lands not required for the portion of the Acquired Development to be completed; provided that, prior to the sale of any such land and any reduction in the scope of the Acquired Development, the Agency shall file with the Trustee its written determination to the effect that the proceeds of sale of such land and the Acquired Development Receipts to be derived from such Acquired Development, as revised in scope, will be sufficient in amount to pay the costs and expenses of operating such Acquired Development, including the Mortgage Repayments which the Mortgagor will be obligated to pay pursuant to the terms and provisions of the Mortgage relating to such Acquired Development. All proceeds received by the Agency from the sale of land pursuant to this subparagraph (c) shall be deposited into the Redemption Account established with respect to the Series of Bonds last issued for the purpose of financing the Acquired Development from which the land was sold and such

moneys shall be used and applied as provided in subparagraph (A) of paragraph (5) of Section 504.

Section 615. Prepayment. (1) Unless required to do so by an agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting in the payment of the Mortgage Loan the Agency shall not permit a Mortgagor to make a Prepayment unless it shall require, with respect to any such Prepayment so permitted, that the same be in an amount not less than the aggregate of (i) the principal amount of the Mortgagor's Mortgage Loan remaining unpaid, (ii) the Mortgagor's proportionate share of the principal amount of the Bonds of the Series which were issued for such Mortgage Loan issued for the purpose of paying financing costs and making deposits in the Bond Reserve Fund, a Cost of Issuance Account or a Capitalized Interest Account and remaining unpaid, (iii) the interest to accrue on all Bonds to be redeemed by the Agency upon the sale of such Mortgage to the next call date thereof not previously paid by the Mortgagor, (iv) the redemption premium on the Bonds so to be redeemed, and (v) the costs and expenses of the Agency in effecting the redemption of the Bonds so to be redeemed, less the amount of applicable moneys available in the Redemption Account and for withdrawal from the Bond Reserve Fund and application to the redemption of such Bonds in accordance with the terms and provisions of this Resolution, as determined by the Agency and the amount of any other legally available funds of the Agency transferred to the Redemption Account.

(2) In the event that the Agency shall make a Mortgage Loan guaranteed, insured or otherwise assisted by an agency or instrumentality of the United States and not requiring the payment of the amount specified in paragraph (1) of this Section upon Prepayment and such Mortgage Loan is prepaid, the Agency shall transfer to the Redemption Account from other legally available funds of the Agency the amount (if any) by which the sum of (i) the amount of the Prepayment received from the Mortgagor, (ii) the amount of applicable moneys available in the Redemption Account, and (iii) the amount of applicable moneys available for withdrawal from the Bond Reserve Fund and application to the redemption of Bonds as a result of such Prepayment in accordance with the terms and provisions of this Resolution, as determined by the Agency is less than the amount which would have been required as a Prepayment under and pursuant to paragraph (1) of this Section.

Section 616. Pledge of Mortgages. To secure the payment of the principal and Redemption Price of and interest and Sinking Fund Installments on the Bonds, the Agency does hereby pledge and assign for the benefit of the Bondholders all Mortgages securing Mortgage Loans for Permanently Financed Developments. The pledge of such Mortgages for the benefit of the Bondholders shall be valid and binding from and after the date of adoption of this Resolution, and such Mortgages shall immediately be subject to the lien of such pledge without any physical

delivery thereof or further act. Upon the happening of an event of default specified in Section 1002 and the written request of the Trustee or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, the Agency, in accordance with the provisions of Section 619 hereof, shall effectuate the assignment of any or all of such Mortgages to the Trustee.

Section 617. Extension of Payment of Bonds and Coupons.

The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest by the purchase or funding of such Bonds, coupons or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default under the Bond Resolution to the benefit of the Bond Resolution or to any payment out of any assets of the Agency or the funds (except funds held in trust for the payment of particular Bonds, coupons or pursuant to the Bond Resolution) held by any Fiduciary, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing herein shall be deemed to limit the right of the Agency to issue Refunding Bonds as provided in Article II hereof, and such issu-

ance shall not be deemed to constitute an extension of the maturity of any Bond or of the time of payment of any coupon or claim for interest.

Section 618. Issuance of Additional Obligations. (A)

The Agency shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Revenues, or which will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under the Bond Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Revenues and payable equally and ratably from the Funds or Accounts, established and created pursuant to the Bond Resolution, for one or more of the purposes set forth in the Bond Resolution.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the Bond Resolution unless:

(1) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds and other obligations of the Agency theretofore issued, will not, in the opinion of counsel to the Agency, exceed in aggregate principal amount any limitation thereon imposed by law;

(2) As evidenced by an Officer's Certificate, at the time of the issuance of such Bonds, other than Refunding Bonds, there is no deficiency in any Funds or Accounts created by the Bond Resolution other than the Bond Reserve Fund and that upon the issuance and delivery of the additional Series of Bonds and the application of the proceeds thereof, the amount in the Bond Reserve Fund shall not be less than the Bond Reserve Fund Requirement;

(3) As evidenced by an Officer's Certificate, after such issuance, there shall be no adverse material effect on the ability of the Agency to pay the Principal Installments of and interest on the Bonds then Outstanding;

(C) The Agency expressly reserves the right to adopt one or more other general bond resolutions for any of its corporate purposes including programs similar to the Multi-Family Housing Finance Program and reserves the right to issue other obligations so long as the same are not a charge or lien prohibited by Paragraph (A) of this Section.

Section 619. Further Assurance. At any time and all times the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the

better assuring, conveying, granting, assigning or confirming all and singular the rights, Revenues, the Funds established pursuant to the Bond Resolution, including the Accounts thereof, and including the investments, if any, and other moneys, securities and investments hereby pledged or assigned, or assigned in trust, or intended so to be, or which the Agency may hereafter become bound to pledge or assign or assign in trust.

Section 620. Powers as to Bonds and Pledge. The Agency is duly authorized pursuant to law to authorize and issue the Bonds, to adopt the Bond Resolution and to pledge the Revenues and all Funds established by the Bond Resolution, including the Accounts thereof, and including the investments, if any, thereof and moneys, investments, and securities therein purported to be pledged by the Bond Resolution in the manner and to the extent provided in the Bond Resolution, and to assign, transfer and set over unto the Trustee in trust the proceeds of the sale of the Bonds held in such Funds or the Accounts thereof or any securities or investments purchased with such proceeds of the sale of the Bonds, including the income thereof, purported to be so assigned in trust by the Bond Resolution in the manner and to the extent provided in the Bond Resolution. The Revenues, the Mortgage Loans, and the Funds and Accounts and moneys and securities therein so pledged and the proceeds of sale of the Bonds so held in trust 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 and assignment in trust created by the Bond Resolution, and all

corporate action on the part of the Agency to that end has been duly and validly taken. The Bonds and the provisions of the Bond Resolution are and will be the valid and legally enforceable special obligations of the Agency in accordance with their terms and the terms of the Bond Resolution. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues, the Mortgage Loans, and the Funds and Accounts and moneys and securities therein so pledged under the Bond Resolution and the assignment in trust of the proceeds of sale of the Bonds created by the Bond Resolution and all the rights of the Bondholders under the Bond Resolution against all claims and demands of all persons whomsoever. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof, or a pledge of the faith and credit of the State or of any such political subdivision, other than the Agency to the extent herein provided, but shall be payable solely from funds provided therefor pursuant to this Bond Resolution.

Section 621. State Pledge. The State does hereby pledge to and agree with the Holders of any Bonds issued under this Bond Resolution that the State will not limit or alter the rights hereby vested in the Agency to fulfill the terms of any agreements made with the Holders thereof or in any way impair the rights and remedies of such Holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with

any action or proceeding by or on behalf of such Holders, are fully met and discharged. In accordance with Section 41719 of the Act, the Agency has been authorized to include this pledge and agreement of the State in this Bond Resolution.

ARTICLE VII
REDEMPTION OF BONDS

Section 701. Privileges of Redemption and Redemption Prices. The Bonds of any Series which are redeemable prior to maturity shall be subject to redemption by or on behalf of the Agency prior to maturity upon receipt by the Trustee of the Officer's Certificate referred to in Section 504 and upon published notice as provided in this Article, to such extent, through application of such moneys, at such time or times, in such order, and on such other terms and conditions as shall be provided by the Bond Resolution and referred to in said Bonds, and in all cases at a Redemption Price equal to the principal amount of each Bond or portion thereof to be redeemed plus such redemption premium or differing redemption premiums (if any), expressed as a percentage of such principal amount, as shall be set forth in said Bonds and applicable upon such redemption, together with interest accrued to the redemption date. If less than all of the Bonds of such Series of like maturity then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in such manner as the Trustee may determine.

Section 702. Selection of Bonds to be Redeemed by Lot. In the event of redemption by lot of Bonds of like Series and maturity, the Trustee shall assign to each registered Bond of such Series and maturity then Outstanding a distinctive number for each \$5,000 of the principal amount of such Bond and shall

select by lot, using such method of selection as it shall deem proper in its discretion and from the numbers of all coupon Bonds of such Series and maturity of the denomination of \$5,000 then Outstanding and the numbers so assigned to such registered Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the coupon Bonds of the denomination of \$5,000 bearing the numbers so selected and the registered Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such registered Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For the purpose of this Section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Section 703. Notice of Redemption. When the Trustee shall be required or authorized, or shall receive notice from the Agency of its election, to redeem Bonds, the Trustee shall in accordance with the terms and provisions of the Bonds and of the Bond Resolution, select the Bonds to be redeemed and shall give notice, in the name of the Agency, of the redemption of Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distin-

guishing marks of such Bonds so to be redeemed, and, in the case of a registered Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portion of the principal thereof in the case of a registered Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication thereof in Authorized Newspapers, at least once not less than thirty days or more than sixty days prior to such redemption date. The Trustee shall also mail a copy of such notice, postage prepaid, not less than twenty days before such redemption date, to the registered owner of any Bond all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceedings for the redemption of Bonds.

Section 704. Agency's Election to Redeem. The Agency shall give written notice to the Trustee of its election to redeem Bonds which are subject to optional redemption and of the redemption date, which notice shall be given at least forty days prior to the redemption date or at such later date as shall be

acceptable to the Trustee. In the event that the required notice of redemption shall have been given, the Agency shall, and hereby covenants that it will, prior to the redemption date, pay to the Trustee an amount in cash which, in addition to any other moneys available therefor held by the Trustee, will be sufficient to redeem at the Redemption Price thereof, plus interest accrued to the redemption date, all of the Bonds which are to be redeemed.

Section 705. Payment of Redeemed Bonds. Notice having been given by publication in the manner provided in Section 703, the Bonds or portions thereof called for redemption and specified in said notice shall become due and payable on the redemption date specified in said notice at the Redemption Prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and, upon presentation and surrender thereof at the place or places specified in said notice together with, in the case of Bonds registered otherwise than to bearer, a written instrument of transfer duly executed by the registered owner thereof or by his attorney duly authorized in writing, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to such date, said Bonds or portions thereof shall be paid at the said Redemption Prices, plus unpaid interest on said Bonds or portions thereof accrued to such date not represented by coupons for matured interest installments. All interest represented by coupons which shall have matured at or prior to such redemption date shall continue to be payable to

the bearers of such coupons. If there shall be so called for redemption less than all of a registered Bond, the Agency shall execute and caused to be delivered, upon the surrender of such Bond to the Trustee, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of like Series, designation, interest rate and maturity in any of the authorized denominations. If, on such redemption date, moneys for the redemption of all of the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date, and if notice of redemption thereof shall have been published as aforesaid, then from and after such redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto maturing subsequent to such redemption date shall be void and said Bonds and coupons shall no longer be considered as Outstanding hereunder. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds shall be held in trust for the account of the holder of the Bonds so to be redeemed.

ARTICLE VIII

SUPPLEMENTAL AND SERIES BOND RESOLUTIONS

Section 801. Supplemental Bond Resolutions and Series Resolutions Effective Upon Filing. For any one or more of the following purposes and at any time or from time to time, a Series Resolution or a Supplemental Resolution of the Agency may be adopted which resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms:

(1) To close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on, the issuance of future Bonds, or of other notes, bonds, obligations or evidences of indebtedness;

(2) To add to the covenants or agreements of the Agency contained in the Bond Resolution other covenants or agreements to be observed by the Agency which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(3) To add to the limitations or restrictions contained in the Bond Resolution other limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(4) To surrender any right, power or privilege re-

served to or conferred upon the Agency by the Bond Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Bond Resolution;

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or of any other moneys, securities or funds; or

(6) To specify, determine or authorize by Series Resolution providing for the issuance of Bonds of a Series any and all matters and things relative to such Bonds, or the application of the proceeds thereof, which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

Section 802. Supplemental Bond Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a resolution of the Agency amending or supplementing the Bond Resolution may be adopted, which resolution upon the (a) filing with the Trustee of a copy thereof certified by an Authorized Officer and (b) filing with the Trustee and the Agency of an instrument in writing made by the Trustee consenting to such resolution shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in

the Bond Resolution; and

(2) To insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

Section 803. Supplemental Bond Resolutions Effective with Consent of Bondholders. (A) At any time or from time to time, a resolution of the Agency amending or supplementing the Bond Resolution may be adopted modifying any of the provisions of the Bond Resolution or releasing the Agency from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, but no such resolution shall be effective until after the filing with the Trustee of a copy thereof certified by an Authorized Officer and unless (1) no Bonds delivered by the Agency prior to the adoption of such resolution remain Outstanding at the time it becomes effective, or (2) such resolution is consented to by or on behalf of Bondholders in accordance with and subject to the provisions of Article IX.

(B) The provisions of Paragraph (A) of this Section shall not be applicable to resolutions of the Agency adopted and becoming effective in accordance with the provisions of Section 801 or Section 802.

Section 804. Restriction on Amendments. The Bond Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provi-

sions of this Article and Article IX. The provisions of Paragraph (A) of Section 803 are in all respects subject and subordinate to the provisions, restrictions, exceptions and limitations set forth in Article IX. Nothing in this Article or Article IX contained shall affect or limit the right or obligation of the Agency to pass, make, do, execute, acknowledge or deliver any resolution, act, deed, conveyance, assignment transfer or assurance pursuant to the provisions of Article VI or the right or obligation of the Agency to execute and deliver to any Fiduciary any instrument which elsewhere in the Bond Resolution is required to be delivered to said Fiduciary.

Section 805. Adoption and Filing of Supplemental Bond Resolutions. Any resolution of the Agency referred to and permitted or authorized by Sections 801, 802 or 803 may be adopted by the Agency without the vote or consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. Every such resolution so becoming effective shall thereupon form a part of the Bond Resolution. The copy of every such resolution filed with the Trustee shall be accompanied by an opinion of counsel to the Agency to the effect that such resolution has been duly and lawfully adopted by the Agency in accordance with the provisions of the Bond Resolution, is authorized or permitted by the provisions of the Bond Resolution and, when effective, will be valid and binding upon the Agency.

Section 806. Authorization to Trustee. The Trustee is hereby authorized to accept the delivery of a certified copy of any resolution of the Agency referred to and permitted or authorized by Sections 801, 802 or 803 and to consent to such resolution and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on a Counsel's Opinion that such resolution is authorized or permitted by the provisions of the Bond Resolution or contains no provisions which are contrary to or inconsistent with the Bond Resolution as theretofore in effect.

ARTICLE IX

AMENDMENTS

Section 901. Mailing and Publication of Notices. (A)

Any provision in this Article relative to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed, postage prepaid, only (1) to each registered owner of any Bonds then Outstanding at his last address, if any, appearing upon the registry books, (2) to each Holder of any Bonds payable to bearer then Outstanding who shall have filed with the Trustee within two (2) years preceding such mailing an address for notices, and (3) to the Trustee.

(B) Any provision in this Article relative to publication of a notice or other matter shall be published in the Authorized Newspapers.

Section 902. Powers of Amendment. Any modification or amendment of the Bond Resolution and of the rights and obligations of the Agency and of the Holders of the Bonds and coupons thereunder, in any particular, may be made by a Supplemental Bond Resolution with the written consent, given as hereinafter provided in Section 903, of the Holders of at least sixty per centum (60%) in principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and interest rate remain Outstanding, the consent of the Holders of such Bonds

shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; and provided, further, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the description of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent of such Fiduciary thereto.

Section 903. Consent of Bondholders. The Agency may at any time adopt and file in accordance with the provisions of Section 803 a resolution of the Agency making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Agency to Bondholders and shall be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the val-

idity of such resolution when consented to as in this Section provided). Such resolution shall not be effective unless and until, and shall take effect in accordance with its terms when, (1) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 902, and (b) a Counsel's Opinion stating that such resolution has been duly and lawfully adopted by the Agency in accordance with the provisions of the Bond Resolution, is authorized or permitted by the provisions of the Bond Resolution, and, when effective, will be valid and binding upon the Agency, and (2) a notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 1202 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), but, notwithstanding the provisions of Section 1202, such consent may

be revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to but not later than the time when the written statement of the Trustee hereinafter in this Section provided for is filed, such a revocation and, if such Bonds are transferable by delivery proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1202. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to such resolution, the Trustee shall make and file with the Agency and the Trustee a written statement that the Holders of such required percentages of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. At any time thereafter notice, stating in substance that such resolution (which may be referred to as a resolution adopted by the Agency on a stated date a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Agency by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such resolution from becoming effective and binding as in this Section provided) and by publishing the same at least

once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the resolution and the written statement of the Trustee hereinabove provided for is filed. The Agency shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed conclusively binding upon the Agency, the Fiduciaries and the Holders of all Bonds and coupons at the expiration of forty (40) days after the filing with the Trustee of proof of the first publication of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution in a legal action or equitable proceeding for such purpose commenced within such forty-day period; provided, however, that any Fiduciary and the Agency during such forty-day period and any further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such resolution as they may deem expedient.

Section 904. Modifications by Unanimous Consent. Notwithstanding anything contained in Article VIII or in the foregoing provisions of this Article, the terms and provisions of the

Bond Resolution and the rights and obligations of the Agency and the Holders of the Bonds and coupons thereunder, in any particular, may be modified or amended in any respect upon the adoption by the Agency and filing in accordance with the provisions of Article VIII of a resolution of the Agency making such modification or amendment and the consent to such resolution of the Holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 903 except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent of such Fiduciary thereto in addition to the said consent of Bondholders.

Section 905. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 906. Notation on Bonds. Bonds delivered after

the effective date of any action taken as in Article VIII or this Article provided may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of such Bond for the purpose at the Principal Office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Agency or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Agency to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, designation, maturity and interest rate then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

Section 907. Contracts or Indenture. The Agency, so far as it may be authorized by law, may and if requested by any Fiduciary shall enter into a contract or an indenture with any Fiduciary giving effect to any modification or amendment of the Bond Resolution as hereinabove in Article VIII or this Article provided.

ARTICLE X
REMEDIES ON DEFAULT

Section 1001. Powers of Trustee. The Agency hereby determines that there shall be, and there hereby are, vested in the Trustee, in addition to all its property, rights, powers and duties mentioned or referred to in any other provision of the Bond Resolution, the rights, powers and duties in this Article provided in trust for the Bondholders. Any right of Bondholders to appoint a trustee other than the Trustee appointed hereunder is hereby abrogated in accordance with the provisions of the Act. Upon the occurrence of an Event of Default referred to in Section 1002 the Trustee shall act with the trustee appointed in accordance with Section 1101 of this Bond Resolution in the manner specified in Section 1101. The Trustee shall provide to such trustee appointed in accordance with Section 1101 written notice of the occurrence of any Event of Default or any event which, with the passage of time or the giving of notice thereof or both, may become an Event of Default.

Section 1002. Events of Default. Each of the following shall constitute an event of default under the Bond Resolution and is herein called "Event of Default", that is to say, in case:

- (1) interest on any of the Bonds of a particular Series shall become due on any date and shall not be paid on said date, or the principal or Redemption Price of any

of the Bonds of a particular Series shall become due on any date, whether at maturity or upon call for redemption, and shall not be paid on said date; or

(2) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds or Bond Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from the Bondholders of at least five per centum (5%) of principal amount of the Bonds Outstanding at such time or from the Trustee specifying such default and requiring the same to be remedied; or

(3) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid and ceased to be Outstanding on the Principal Installment Date of any Fiscal Year in a principal amount thereof equal to the Sinking Fund Installment fixed or established with respect to such Bonds for said date in such Fiscal Year; or

(4) there shall be filed by the Agency a petition seeking a composition of indebtedness or the Agency shall suffer the appointment of a receiver under any applicable law or statute of the United States of America or of the State; or

(5) the State shall have limited or altered the rights of the Agency pursuant to the Act, as amended to the date of this Bond Resolution, to fulfill the terms of any agreements made with the Holders of Bonds or in any way impaired

the rights and remedies of Holders of Bonds until such Bonds, together with the interest thereon with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Section 1003. Enforcement by Trustee. Upon the happening and continuance of an Event of Default described in the preceding Section, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds and coupons, may, after notice to the Agency, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds Outstanding shall, proceed to protect and enforce its rights and any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under the Bond Resolution by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Holders of Bonds, including the right to require the Agency to change and collect Revenues adequate to carry out the pledge, the assignments in trust and the covenants and agreements made herein, and to require the Agency to carry out any other covenant or agreement with Bondholders and to perform its

duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the Agency to account as if it were the trustee of an express trust for the Holders of the Bonds;

(4) to realize or cause to be realized by sale or otherwise the security pledged hereunder;

(5) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

(6) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any rights and remedies under the Bond Resolution, the Trustee in its own name and as trustee of an express trust on behalf of and for the benefit of the Holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Agency for principal, Redemption Price, interest or otherwise, under any provision of the Bond Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs

and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Agency for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 1004. Representation of Bondholders by Trustee.

The Trustee is hereby irrevocably appointed (and the Bondholders and the holders of the coupons appurtenant to the Bonds, by accepting and holding the same, shall be conclusively deemed to have so appointed the Trustee and to have mutually covenanted and agreed, each with the other, not to revoke such appointment) the true and lawful attorney-in-fact of the Bondholders and holders of coupons with power and authority, in addition to any other powers and rights heretofore granted the Trustee, at any time in its discretion to make and file in any proceeding in bankruptcy or judicial proceedings for reorganization or liquidation of the affairs of the Agency either in the respective names of the Bondholders or on behalf of all the Bondholders as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Bondholders, and to execute any other papers and documents and do and perform any and all such acts and things as may be neces-

sary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Agency allowed in any bankruptcy or other proceeding.

Section 1005. Limitation on Powers of Trustee. Nothing in the Bond Resolution contained shall be deemed to give power to the Trustee either as such or as attorney-in-fact of the Bondholders or holders of coupons to vote the claims of the Bondholders or the holders of coupons in any bankruptcy proceeding or to accept or consent to any plan or reorganization, readjustment, arrangement or composition or other like plan, or by other action of any character to waive or change any right of any Bondholder or holder of coupons or to give consent on behalf of any Bondholder or holder of coupons to any modification or amendment of the Bond Resolution requiring such consent or to any resolution requiring such consent pursuant to the provisions of Article VIII or Article IX.

Section 1006. Action by Trustee. (A) All rights of action under the Bond Resolution, or upon any of the Bonds or coupons appurtenant thereto, enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds or coupons, or the production thereof at the trial of any suit, action or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the Holders of said Bonds and coupons, subject to the provisions of the Bond Resolution.

(B) In any action, suit or other proceeding by the Trustee, the fees, counsel fees and expenses of the Trustee shall constitute taxable costs and disbursements, and all costs and disbursements allowed by the court, shall be a first charge on the Revenues.

Section 1007. Accounting, and Examination of Records after Default. The Agency covenants with the Trustee and the Bondholders that, if an Event of Default shall have happened and shall not have been remedied, (1) the books of record and account of the Agency and all records relating to the Program shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, and (2) the Agency whenever the Trustee shall demand, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Bond Resolution for such period as shall be stated in such demand.

Section 1008. Restriction on Bondholder's Action.

(A) No Holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust hereunder or for any other remedy hereunder, unless (1) (a) such Holder previously shall have given to the Agency and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) after the occurrence of such Event of Default,

written request shall have been made of the Trustee to institute such suit, action or proceeding by the Holders of not less than twenty - five per centum (25%) in principal amount of the Bonds then Outstanding or, if such Event of Default is an Event of Default described in clause (1) or clause (3) of Section 1002, by the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding of the Series with respect to which such Event of Default has happened, and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within a reasonable time, or (2) (a) such Holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (b) such suit, action or proceeding is brought for the ratable benefit of all Holders of all Bonds and coupons, subject to the provisions of the Bond Resolution.

(B) No Holder of any Bond or coupon shall have any right in any manner whatever by his action to affect, disturb or prejudice the pledge of Revenues or of any other moneys, funds or securities hereunder, or, except in the manner and on the conditions in this Section provided, to enforce any right or duty hereunder.

Section 1009. Application of Moneys after Default.

(A) All moneys collected by the Trustee at any time pursuant to

this Article shall, except to the extent, if any, otherwise directed by the court, be paid by the Trustee into and credited to the Revenue Fund. Such moneys so paid and credited to the Revenue Fund, and all other moneys from time to time in such Revenue Fund, shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article V.

(B) In the event that at any time the moneys in the Bond Service Fund and any other funds held by the Agency or Fiduciaries available for the payment of interest or principal or Redemption Price then due with respect to Bonds shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds or coupons as provided in Section 1204) shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of

any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amount available shall not be sufficient to pay in full all the Bonds so due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal or Redemption Price of and interest then due and unpaid upon the Bonds 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, or of any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

(C) The provisions of Paragraph (B) of this Section are in all respects subject to the provisions of Section 1013.

Section 1010. Remedies Not Exclusive. No remedy by the terms of the Bond Resolution conferred upon or reserved to the Trustee (or to Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumula-

tive and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 1011. Control of Proceedings. In the case of an Event of Default described in clause (1) or clause (3) of Section 1002, the Holders of a majority in principal amount of the Bonds then Outstanding of the Series with respect to which such Event of Default has happened, or, in the case of an Event of Default described in clause (2), (4) or (5) of Section 1002, the Holders of a majority in principal amount of the Bonds then Outstanding, shall have the right, subject to the provisions of Section 1008, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Bondholders not parties to such direction.

Section 1012. Effect of Waiver and Other Circumstances. No delay or omission of the Trustee or of any Holders of Bonds to exercise any right or power accruing upon any default shall impair

any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy given by the Bond Resolution to them or any of them may be exercised from time to time and as often as may be deemed expedient by the Trustee or, in an appropriate case, by the Bondholders.

Section 1013. Subordination of Detached Coupons. No coupon or claim for interest appertaining to any of the Bonds which coupon or claim in any way at or after maturity shall have been transferred or pledged by or at the instance of the Agency separate and apart from the Bond to which it appertains shall, unless accompanied by such Bond, be entitled in case of an Event of Default hereunder to any benefit by or from the Bond Resolution except after the prior payment in full of the principal and Redemption Price of all of the Bonds then due and of all coupons and claims for interest then due not so transferred or pledged.

Section 1014. Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of the Agency to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond and the appurtenant coupons, if any, expressed.

Section 1015. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of

Default shall have been discontinued or abandoned for any reason, then in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

ARTICLE XI

THE FIDUCIARIES

Section 1101. Trustee; Appointment and Acceptance of Duties. In addition to the Treasurer of the State such bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least two hundred million dollars (\$200,000,000), as may be named in a resolution adopted by the Agency prior to the delivery of any of the Bonds on original issuance, of which a copy certified by an Authorized Officer is delivered to such bank, trust company or national banking association, shall be and is hereby appointed, as trustee hereunder, to exercise the powers of a trustee upon written notice by the Treasurer of the State of the happening of an Event of Default under Section 1001 to represent and enforce rights of Holders of Bonds. Upon such notice of an Event of Default, such trustee so appointed may act concurrently with or independently of the Treasurer of the State in his role as trustee and the Trustee shall make available at all times to such trustee the books of record and account of the Agency and all records relating to the Program in its possession or made available to the Trustee including information pertaining to Revenues, Mortgage Loans and Funds and Accounts pledged or held under the Bond Resolution. The trustee so appointed shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Agency a written

acceptance thereof.

Section 1102. Paying Agents. The Agency shall appoint one or more Paying Agents for the Bonds of each Series of the Bonds by Series Resolution adopted prior to their delivery, and may at any time or from time to time by Supplemental Bond Resolution appoint one or more other Paying Agents for such Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least fifty million dollars (\$50,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Resolution. Each Paying Agent other than the Treasurer of the State shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee may be appointed and may act as a Paying Agent. The Treasurer of the State shall act as a Paying Agent for the Bonds.

Section 1103. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Bond Resolution or of any Bonds or coupons issued thereunder or in re-

spect of the security afforded by the Bond Resolution and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof except the Trustee to the extent such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the Agency or others in accordance with the Bond Resolution. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any action or suit in respect of the Bond Resolution or Bonds, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or default.

Section 1104. Funds Held in Trust. All moneys held by any Fiduciary, as such, at any time pursuant to the terms of the Bond Resolution shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of the Bond Resolution.

Section 1105. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion, 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. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Agency, 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. Whenever any Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate stating the same, and such Officer's Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Bond Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Agency to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 1106. Compensation and Expenses. Unless otherwise provided by contract with the Fiduciary, the Agency shall pay to each Fiduciary from time to time reasonable compensation for all services rendered by it hereunder, and also reimbursement for

all its reasonable expenses, charges, legal and engineering fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder, which compensation shall be paid in accordance with Section 507 from moneys available therefor, and no Fiduciary shall have a lien prior to or of equal rank with the pledge and assignment in trust created by the Bond Resolution. The Agency shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or default.

Section 1107. Certain Permitted Acts. Any Fiduciary may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds outstanding.

Section 1108. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Bond Resolution by

giving not less than sixty (60) days' written notice to the Agency and the Trustee and publishing notice thereof, specifying the date when such resignation shall take effect, in Authorized Newspapers within twenty (20) days after the giving of such written notice. Such resignation (other than the resignation of the Trustee appointed in accordance with Section 1101 which shall not take effect until a successor is appointed) shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1109. Removal. A Fiduciary (other than the Treasurer of the State as Trustee), or any successor thereof, may be removed at any time by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Agency and the Trustee. Copies of each such instrument shall be delivered by the Agency to each other Fiduciary and any successor thereof.

Section 1110. Appointment of Successor Fiduciary. In case at any time a Fiduciary, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver,

liquidator or conservator of such Fiduciary or of its property shall be appointed, or if any public officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Agency, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Fiduciary, notification thereof being given to the Agency, the predecessor Fiduciary and any other Fiduciaries. Pending such appointment, the Agency shall forthwith appoint a Fiduciary to fill such vacancy until a successor Fiduciary shall be appointed by Bondholders as herein authorized. The Agency shall publish notice of any such appointed in Authorized Newspapers within twenty (20) days after such appointment. Any successor Fiduciary appointed by the Agency shall, immediately and without further act, be superseded by a Fiduciary appointed by Bondholders. If in a proper case no appointment of a successor Fiduciary shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiduciary shall have given to the Agency and the Trustee written notice as provided in Section 1108 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such no-

tice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary. Any Fiduciary appointed under the provisions of this Section shall be a bank or trust company or a national banking association, doing business and having its principal office in the States of California, Illinois or New York, having the qualifications prescribed by Section 1102 with respect to Paying Agents, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Resolution.

Section 1111. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Agency and the Trustee, an instrument accepting such appointment, and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if named herein as such Fiduciary, but the Fiduciary ceasing to act shall nevertheless, on the written request of the Agency or of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor

Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under the Bond Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor Fiduciary any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency. Any such successor Fiduciary shall promptly notify the other Fiduciaries of its appointment as such Fiduciary.

Section 1112. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which such Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company or national banking association which is qualified to be a successor to such Fiduciary under Section 1110 and shall be authorized by law to perform all the duties imposed upon it by the Bond Resolution, shall be the successor to such Fiduciary without the

execution or filing of any paper or the performance of any further act.

ARTICLE XII
MISCELLANEOUS

Section 1201. Defeasance. (A) If the Agency shall pay or cause to be paid to the Holders of the Bonds and coupons, the principal and interest or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then the pledge of the Revenues, Mortgage Loans, the Funds and Accounts and moneys and securities therein hereby pledged and the covenants, agreements and other obligations of the Agency to the Bondholders hereunder shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Agency expressed in an Officer's Certificate delivered to the Trustee, execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over and deliver to the Agency all money or securities held by them pursuant to the Bond Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

(B) Any Bonds or coupons or interest installments appertaining thereto for the payment or redemption of which moneys shall have been deposited with the Trustee by or on behalf of the Agency, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section; provided, however, that if any such

Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as follows: (a) the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article VII hereof, notice of redemption of such Bonds, (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding thirty (30) days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable at least twice, at an interval of not less than seven (7) days between publications, in Authorized Newspapers a notice to the Holders of such Bonds and coupons that the deposit required by this Section 1201 has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section 1201 and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. No moneys so deposited with the Trustee shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption,

excepting only that (a) any moneys so held by the Trustee for the payment to the holders of any particular Bonds or the coupons appurtenant thereto, of principal or Redemption Price of, or interest on, such Bonds shall be invested by the Trustee, upon receipt of a copy of a resolution of the Agency, certified by an Authorized Officer, authorizing such investment, in such Investment Obligations described in clause (i) of the definition thereof in Section 105 as the Agency may approve; provided that any cash received from principal or interest payments on such Investment Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Agency, to the extent not needed for payment of the Bonds as aforesaid, as received by the Trustee, free and clear of any trust, lien, assignment in trust or pledge.

(C) As an alternative cumulative to and not excluding the provisions of Paragraph (B) of this Section, any Bonds and coupons or interest installments appertaining thereto, whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Sec-

tion if (1) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made as set forth in Paragraph (B) of this Section, and (2) there shall have been deposited with the Trustee by or on behalf of the Agency either (a) moneys in an amount which shall be sufficient, or (b) Investment Obligations described in clause (i) of the definition thereof in Section 105 the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither such Investment Obligations or any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or interest on said Investment Obligations shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price of the Bonds for the payment or Redemption of which they were deposited and the interest accrued thereon to the date of maturity or redemption.

(D) If, through the deposit of moneys by the Agency or otherwise, the Fiduciaries shall hold, pursuant to the Bond

Resolution, moneys sufficient to pay the principal of and interest to maturity on all Outstanding Bonds and coupons, or in the case of Bonds which the Agency shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Agency all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds and coupons.

(E) Anything in the Bond Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons appurtenant thereto which remain unclaimed for six years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys were held by the Fiduciary at said date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the request of the Agency expressed in Officer's Certificates delivered to the Trustee, be paid by the Fiduciary to the Agency as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Bonds and coupons shall look only to the Agency for the payment thereof; provided, however, that before being required to make any such payment to the Agency, the Fiduciary shall, at

the expense of the Agency, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in the Authorized Newspapers notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than ten (10) nor more than twenty (20) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be paid to the Agency.

Section 1202. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which the Bond Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or (2) the holding by any person of any Bonds or coupons appertaining thereto, shall be sufficient for any purpose of the Bond Resolution if made in the following manner, or in any other manner satisfactory to the Trustee which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(A) The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (1) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded

in the state in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (2) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation (including members of the National Association of Securities Dealers, Inc.) satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

(B) The authority of a person or persons to execute any such instrument on behalf of a corporation Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

(C) The amount of Bonds transferable by delivery held by any person executing any such instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, of an officer of a bank, trust company, financial firm or corporation (including members of the National Association of Securities

Dealers, Inc.) or other depository satisfactory to the Trustee, showing that at a date therein mentioned such person exhibited to or had on deposit with such bank, trust company, firm, corporation or depository Bonds described or referred to in such certificate; and such a certificate may be made and given by an officer or member of any bank, trust company, insurance company or financial firm or corporation satisfactory to the Trustee with respect to Bonds held by it, if acceptable to the Trustee.

(D) The holding of Bonds registered otherwise than to bearer, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the registry books.

Any request, consent or other instrument executed by the Holder or owner of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Agency or any Fiduciary in accordance therewith.

Section 1203. Date and Other Details of Documents Delivered to Fiduciaries. All documents delivered to the Trustee with respect to the delivery of the Bonds of a Series shall be dated as of the date of the delivery of such Bonds by the Agency. All other documents delivered to any Fiduciary pursuant hereto, including documents signed by any Authorized Officer and Accountant's Certificates, Counsel's Opinions and Officer's Certificates but not including Bonds or any documents signed by any Bondholder or

Fiduciary, shall be dated as of the date of delivery thereof and, in the case of documents delivered to the Trustee pursuant to Article VIII with respect to a Supplemental Bond Resolution, as of a date subsequent to the date of adoption by the Agency of such Supplemental Bond Resolution. Whenever a document delivered or to be delivered to the Trustee with respect to the delivery of the Bonds of a Series is described in said Section as referring in any way to any other document mentioned in any of said Sections or to a fact or amount stated or set forth in such other document, the other document so referred to is and shall be a document delivered to the Trustee with respect to the delivery of the Bonds of the same Series. Matters required to be stated in any document signed by any Authorized Officer or in any Accountant's Certificate, Counsel's Opinion or Officer's Certificate may be stated in separate documents of the required description or may be included in one or more thereof.

Section 1204. Moneys Held for Particular Bonds and Coupons. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds or coupons shall, pending such payment, be set aside and held in trust by it for the Holders of the Bonds and coupons entitled thereto, and for the purposes of the Bond Resolution such interest, principal or Redemption Price, after the due date thereof, shall no longer be considered to be unpaid.

Section 1205. Investment of Funds. (A) Each of the Funds and Accounts held by a Fiduciary shall be a trust fund for the purpose thereof. Moneys in each of said Funds and Accounts, on instructions confirmed in writing by an Authorized Officer, shall be invested by the Fiduciary holding the same in Investment Obligations or, to the extent permitted by law, be deposited in time or other accounts, certificates of deposit or under similar banking arrangements (1) in the case of the Costs of Issuance Accounts, Capitalized Interest Accounts, Revenue Fund, Bond Service Fund, Acquired Development Fund and Mortgage Loan Funds maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable, as determined by an Authorized Officer, and (2) in the case of the Bond Reserve Fund, maturing within two years of the date of purchase or deposit with respect to 15% of the amount held in the Bond Reserve Fund and having an average maturity life of not more than ten years from the date of purchase or deposit with respect to the entire amount held in the Bond Reserve Fund. All such deposits may be made only in or with the banking department of the Fiduciary making the same, or in or with a bank or trust company having its principal office in the State, but only to the extent paid in capital and surplus. Deposits in excess of one hundred thousand dollars (\$100,000), other than insured deposits or deposits with the Fiduciary making such deposits, shall be collateralized under the procedures applicable for

collateralization of public moneys of the State.

(B) Investment Obligations, time or other accounts or certificates of deposit or similar banking arrangements so representing an investment of moneys in any Fund or Account shall be deemed at all times to be a part of said Fund or Account and, except as may be otherwise expressly provided in other Sections of the Bond Resolution, the interest thereon and any profit arising on the sale thereof shall be credited to said Fund or Account, and any loss resulting on the sale thereof shall be charged to said Fund or Account. Such investments shall be sold at the best price obtainable whenever it shall be necessary so to do in order to provide moneys to make any transfer, withdrawal, payment or disbursement from said Fund or Account, or, in the case of any required transfer of moneys to another such Fund or Account may be transferred to that Fund or Account in lieu of the required moneys if permitted hereby as an investment of moneys in that Fund or Account, and no Fiduciary shall be liable or responsible for any loss resulting from any investment made in accordance with the Bond Resolution.

In computing for any purpose hereunder the amount in any such Fund or Account (other than the Bond Reserve Fund) on any date, obligations so purchased shall be valued at the lower of cost or face value exclusive of accrued interest, and may be so valued as of any time within four days prior to such date. In computing for any purpose hereunder the amount of the Bond Reserve

Fund, obligations so purchased shall be valued at par if purchased at par and shall be valued at amortized value if purchased at other than par. For purposes of this section the term "amortized value", when used with respect to obligations purchased at a premium above or a discount below par, shall mean the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligations were purchased by the number of interest payments remaining to maturity on such obligations after such purchase and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of such purchase; and (i) in the case of obligations purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of obligations purchased at a discount, by adding the product thus obtained to the purchase price.

Section 1206. Cancellation of Bonds and Coupons. All Bonds and coupons purchased, redeemed or paid shall, if surrendered to the Agency or any Paying Agent, be cancelled by either of them and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it. No such Bonds or coupons shall be deemed Outstanding under the Bond Resolution and no Bonds or coupons shall be issued in lieu thereof.

Section 1207. Preservation and Inspection of Documents. All reports, certificates, statements and other documents re-

ceived by any Fiduciary under the provisions of the Bond Resolution shall be retained in its possession and shall be available at all reasonable times to the inspection of the Agency, any other Fiduciary or any Bondholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of such Fiduciary, be destroyed or otherwise disposed of at any time six years after such date as the pledge of the Revenues created by the Bond Resolution shall be discharged as provided in Section 1201.

Section 1208. No Recourse on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Bond Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any director, officer or employee of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Bond Resolution against any director, member, officer or employee of the Agency or any natural person executing the Bonds.

Section 1209. Effective Date. This Bond Resolution shall be effective immediately.

CERTIFICATE

I, Stuart House, an Authorized Officer of the CALIFORNIA HOUSING FINANCE AGENCY, HEREBY CERTIFY that the foregoing resolution entitled "General Multi-Family Housing Finance Bond Resolution" is a true copy of an original resolution which was duly adopted by a majority of the entire membership of the board of directors of said Agency at a meeting thereof which was duly called and held on Jan 18, 1977, and at which a quorum was present and acting throughout and that said copy has been compared by me with the original resolution as so adopted, recorded in the records of the Agency and that it is a correct transcript thereof and of the whole of said resolution, and that said original resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and impressed the seal of said Agency this 19th day of January, 1977.

Stuart House

Authorized Officer

(SEAL)