

---

RESOLUTION NUMBER 78-98  
OF THE  
CALIFORNIA HOUSING FINANCE AGENCY

---

RESOLUTION AUTHORIZING THE ISSUANCE OF  
CALIFORNIA HOUSING FINANCE AGENCY  
MULTI-FAMILY  
REVOLVING CREDIT AGREEMENT NOTES  
(GENERAL NOTE RESOLUTION)

---

Adopted November 21, 1978

---

TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| ARTICLE I - Definitions; Resolution  |             |
| Constitutes Contract .....   | 1           |
| Section 101. Definitions .....   | 1           |
| Section 102. Resolution Constitutes Contract..   | 3           |
| ARTICLE II - Authorization of Notes.....   | 3           |
| Section 201. Authorization of Notes.....   | 3           |
| Section 202. Authorization for Issuance<br>of Notes in a Series.....                           | 4           |
| Section 203. Conditions Precedent to Delivery<br>of a Series of Notes.....                     | 5           |
| ARTICLE III - General Terms and Provisions of Notes.   | 6           |
| Section 301. Obligation, Revolving Credit<br>Subaccount.....                                   | 6           |
| Section 302. Date of Issuance.....   | 6           |
| Section 303. Interest Payment Dates.....   | 7           |
| Section 304. Maturity Date.....  | 7           |
| Section 305. Payment, Form and Interest.....   | 7           |
| Section 306. Execution.....  | 7           |
| Section 307. Transfer of Notes.....  | 7           |
| Section 308. Notes Mutilated, Lost,<br>Destroyed or Stolen.....                                | 7           |
| ARTICLE IV - Application of Note Proceeds.....   | 8           |
| Section 401. Application of Note Proceeds.....   | 8           |
| Section 402. Establishment and Application of<br>Note Accounts and Program<br>Subaccounts..... | 8           |
| Section 403. Mortgage Loan Disbursements.....  | 9           |
| Section 404. Transfer of Loans Between Series.   | 10          |
| Section 405. Refunding of Mortgage Loans.....  | 11          |
| Section 406. Purchase of Redemption, or Pre-<br>payment of Notes.....                          | 11          |
| ARTICLE V - Application of Revenues and Other Moneys   | 12          |
| Section 501. Pledge of Pledged Property.....   | 12          |
| Section 502. Payment Subaccounts.....  | 12          |
| Section 503. Deficiencies in Payment<br>Subaccounts.....                                       | 12          |
| ARTICLE VI - Particular Covenants of Agency.....   | 13          |
| Section 601. Payment of Notes.....   | 13          |
| Section 602. Tax Covenant.....   | 13          |
| Section 603. Issuance of Bonds.....  | 14          |
| ARTICLE VII - Supplemental Resolutions.....  | 14          |
| Section 701. Supplemental Resolutions<br>Effective Without Consent.....                        | 14          |
| Section 702. Supplemental Resolution Effective<br>with Consent of Noteholders....              | 15          |

|   | <u>Page</u> |
|---|-------------|
| ARTICLE VIII - Amendments.....                                | 15          |
| Section 801. Mailing and Publication of<br>Notices.....       | 15          |
| Section 802. Powers of Amendment.....                         | 15          |
| Section 803. Consent of Noteholders.....                      | 16          |
| ARTICLE IX - Defaults and Remedies.....                       | 16          |
| Section 901. Events of Default.....                           | 16          |
| Section 902. Remedies not Exclusive.....                      | 17          |
| Section 903. Control of Proceedings.....                      | 17          |
| Section 904. Effect of Waiver and Other<br>Circumstances..... | 17          |
| ARTICLE X - The Trustee.....                                  | 17          |
| Section 1001. Funds Held in Trust.....                        | 17          |
| Section 1002. Certain Permitted Acts.....                     | 18          |
| Section 1003. Resignation of Trustee.....                     | 18          |
| Section 1004. Removal.....                                    | 18          |
| Section 1005. Appointment of Successor Trustee                | 18          |
| Section 1006. Note Register.....                              | 19          |
| ARTICLE XI - Miscellaneous.....                               | 20          |
| Section 1101. Defeasance.....                                 | 20          |
| Section 1102. Investment of Funds.....                        | 23          |
| Section 1103. Cancellation of Notes and<br>Coupons.....       | 23          |
| Section 1104. No Recourse on Notes.....                       | 23          |
| Section 1105. Parties Interested Herein.....                  | 24          |
| Section 1106. Accounting Records.....                         | 24          |
| Section 1107. Notice to Agency and Trustee....                | 24          |
| Section 1108. State Pledge.....                               | 24          |
| Section 1109. Effective Date.....                             | 25          |

RESOLUTION AUTHORIZING THE ISSUANCE OF  
CALIFORNIA HOUSING FINANCE AGENCY  
MULTI-FAMILY REVOLVING CREDIT AGREEMENT NOTES

WHEREAS, this Agency proposes to enter into a Revolving Credit Agreement in substantially the form attached as Exhibit A hereto with the Banks named therein to provide for the issuance of up to \$50,000,000 of Notes to finance the making of Mortgage Loans in the Agency's Multi-Family Housing Finance Program;

NOW, THEREFORE, BE IT RESOLVED that the Authorized Officers of the Agency are hereby authorized to enter into, execute and deliver such Revolving Credit Agreement in substantially said form with such modifications in the terms of such Revolving Credit Agreement concerning the terms of sale of such Notes as may be deemed by such Authorized Officers to be in the best interests of the Agency; and

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

ARTICLE I

DEFINITIONS; RESOLUTION CONSTITUTES CONTRACT

Section 101. Definitions. (a) Except as provided in paragraph (b) of this section, and unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution and of any Supplemental Resolution have the meanings herein specified:

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

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

"Development Costs" means the total of all costs incurred by a Mortgagor with respect to a Development, which costs are authorized by law and approved by the Agency as reasonable and necessary.

"Interest Payment Dates" means, with respect to any Series, the dates on which interest on such Series is required to be paid.

"Maturity Date" means, with respect to any Series, the date on which the principal on the Notes of such Series is due.

"Mortgagor" means a person or entity which is an obligor on a Mortgage Loan.

"Noteholder" or "Holder" shall mean the registered holder of a Note.

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

"Outstanding", when used with reference to Notes and as of any particular date, describes all Notes theretofore and thereupon being delivered except (a) any Note cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Agency at or before said date, (b) any Note for the payment of which either (i) moneys equal to the principal amount thereof and interest thereon to the date of maturity, or (ii) specified types of Investment Obligations or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of Section 1101, shall have theretofore been deposited with a trustee in trust (whether upon or prior to the Maturity Date of such Note) and (c) any Note in lieu of or in substitution for which another Note shall have been delivered pursuant to Section 308.

"Resolution" means this Resolution Number 78-98 duly adopted by the Board of Directors of the Agency on November 21, 1978 and, when the context so requires, as hereafter amended or supplemented.

"Revolving Credit Agreement" means that certain Revolving Credit Agreement by and among the Agency and the

Banks named therein to be dated as of November 28, 1978, in the form attached hereto as Exhibit A, as hereafter modified or amended.

"Series" means and refers to all Notes of like designation authenticated and delivered on original issuance at the same time pursuant to a Supplemental Resolution and any Note or Notes thereafter delivered in lieu of or substitution for any of such Notes pursuant to Section 308.

"Supplemental Resolution" means any resolution hereafter duly adopted by the Board of Directors of the Agency amending or supplementing this Resolution in accordance with the provisions of this Resolution.

"State" means the State of California.

"Trustee" means the Treasurer of the State, acting in accordance with the Act and this Resolution, and any other corporation or association which may be co-trustee with the Treasurer, and any successor or successors to such Treasurer, corporation or association pursuant to this Resolution.

(b) Anything herein to the contrary notwithstanding, any term specifically defined in the Revolving Credit Agreement shall have the same meaning when used herein or in any Supplemental Resolution.

Section 102. Resolution Constitutes Contract. In consideration of the purchase and acceptance of the Notes by the Holders thereof, the provisions of this Resolution, together with the provisions of the Revolving Credit Agreement which is incorporated herein by reference as if fully set forth herein, shall be a part of the contract of the Agency with such Holders and shall be deemed to be and shall constitute a contract between the Agency, such Holders and the Trustee; provided, however, that in the event of any inconsistency between the provisions hereof and the provisions of the Revolving Credit Agreement, the provisions of the Revolving Credit Agreement shall control.

## ARTICLE II

### AUTHORIZATION OF NOTES

Section 201. Authorization of Notes. (a) In

order to provide sufficient funds for the Program, Notes of the Agency, each to be designated "California Housing Finance Agency Multi-Family Revolving Credit Agreement Note," are hereby authorized to be issued from time to time in one or more Series without limitation as to amount except as hereinafter provided or as may be limited by law. The Notes shall be in the form and have the terms provided by the Revolving Credit Agreement and shall be issued in Series subject to the terms, conditions and limitations established herein and in one or more Supplemental Resolutions as hereafter provided.

(b) Such Notes may be issued for the purpose of repaying outstanding multi-family bond anticipation notes of the Agency, the proceeds of which were originally used to make or finance Mortgage Loans.

Section 202. Authorization for Issuance of Notes in a Series. (a) The Agency shall authorize the issuance of any Series by adopting a Supplemental Resolution. The Notes of any such Series may be issued by the Agency and authenticated and delivered by the Trustee to the purchaser of such Notes upon compliance with the provisions hereof. Notes of the initial Series shall be designated "California Housing Finance Agency Multi-Family Revolving Credit Agreement Notes, Initial Borrowing." The Notes of each subsequent Series shall, in addition to the title "California Housing Finance Agency Multi-Family Revolving Credit Agreement Notes, Subsequent Borrowing," bear an appropriate Series designation.

(b) Each Supplemental Resolution authorizing the issuance of a Series shall include a determination or rati-

fication of a previous determination by the Agency to the effect that the principal amount of said Series is necessary to provide sufficient funds to be used and expended for the Program, shall specify and determine:

(1) the authorized principal amount and designation of said Series;

(2) the Issue Date and Maturity Date, or the manner of determining such dates, of such Series;

(3) the denominations or the manner of determining such denominations of, the manner of numbering and lettering, and the form of, the Notes of such Series;

(4) the appropriate accounts or subaccounts to be established for such Series; and

(5) any other provisions deemed advisable by the Agency not in conflict with or in substitution for the provisions of this Resolution or the Revolving Credit Agreement (except as expressly permitted by this Resolution and the Revolving Credit Agreement).

Section 203. Conditions Precedent to Delivery of a Series of Notes. The Trustee shall authenticate and deliver to the purchasers thereof, any Series of Notes authorized to be issued pursuant to this Resolution and a Supplemental Resolution only upon receipt by the Trustee of:

(a) a certified copy of this Resolution and the applicable Supplemental Resolution;

(b) an opinion of counsel (who shall be satisfactory to the Trustee) stating that in the opinion of such counsel this Resolution and the applicable Supplemental Resolution have been duly adopted by the Agency and are valid and binding upon the Agency; and

(c) an Officer's Certificate stating that the Agency at the time of issuance of such Series is not in default in the performance of any of the covenants, conditions, agreements or provisions contained herein.

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF NOTES

##### Section 301. Obligation, Revolving Credit

Subaccount. (a) The Notes shall be general obligations of the Agency payable from revenues, moneys or assets of the Agency subject to agreements, resolutions or indentures, heretofore or hereafter made with holders of notes, bonds or other obligations of the Agency (other than Notes) pledging particular revenues, moneys or assets for the payment thereof, but excluding any right by the Agency to create a lien on the Pledged Property other than the pledge herein for the express benefit of the Noteholders.

(b) The Notes shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, or a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Agency. Each Note shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this Note."

(c) There is hereby established in the Supplementary Bond Security Account created by the Act in the California Housing Finance Fund in the State Treasury a separate account designated the "Multi-Family Revolving Credit Supplementary Reserve Account." The Agency may transfer or cause to be transferred any moneys held in the Supplementary Bond Security Account and available so to be transferred to the Revolving Credit Subaccount to secure the payment of the principal of and interest on the Notes. The amount on deposit in the Revolving Credit Subaccount shall be maintained at or above the level specified by the Revolving Credit Agreement.

Section 302. Date of Issuance. Each Note shall be dated as of, and bear interest from, its Date of Issuance.

Section 303. Interest Payment Dates. Interest on each Note shall be payable on such dates as are specified by the applicable Supplemental Resolution.

Section 304. Maturity Date. The Maturity Date of each Note shall be a date not more than three years from its Issue Date.

Section 305. Payment, Form and Interest.

(a) The Notes shall be payable in lawful money of the United States of America.

(b) The Notes shall be in the form specified by the Revolving Credit Agreement.

(c) The Notes shall bear interest payable in accordance with and as specified by the applicable Supplemental Resolution.

Section 306. Execution. (a) The Notes 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 and attested by the manual or facsimile signature of an Authorized Officer of the Agency, or in such other manner as may be required by law.

(b) The Notes shall bear thereon a certificate of authentication, executed by the Trustee. Only such Notes as shall bear thereon such a certificate of authentication shall be entitled to any right or benefit hereunder, and no Note shall be valid for any purpose hereunder until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Note shall be conclusive evidence that the Note so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefits of this Resolution.

Section 307. Transfer of Notes. All Notes shall be negotiable and transferable by registration of such transfer on the records of the Trustee, whose record as to ownership shall be determinative.

Section 308. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Agency, at

the expense of the Holder of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by the Trustee and delivered to, or upon the order of, the Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor and number.

#### ARTICLE IV

##### APPLICATION OF NOTE PROCEEDS

Section 401. Application of Note Proceeds. Of the proceeds of sale of any Series, the following amounts shall, on the date of delivery of such Series by the Agency, be delivered to the Trustee for credit to the Note Account for such Series and shall be credited by the Agency on its books and records as follows:

(a) in the Payment Subaccount for such Series, the amount, if any, of interest accrued from the Issue Date of such Series to the date of delivery of such Series; and

(b) in the Program Subaccount for such series or Payment Subaccounts for other Series, the balance of such proceeds as specified by the Supplemental Resolution pursuant to which such Series is being issued.

Section 402. Establishment and Application of Note Accounts and Program Subaccounts. (a) The Agency shall establish and maintain for each Series in the California Housing Finance Fund a separate account to be held by the Trustee and designated the "\_\_\_\_\_ Multi-Family Revolving Credit Agreement Note Account" (inserting therein the appropriate Series designation). Within such Note

Account, the Agency shall establish and maintain on its books and records a separate Subaccount designated "\_\_\_\_\_ Multi-Family Revolving Credit Agreement Note Program Subaccount" (inserting therein the Series designation of such Series). The Trustee shall not be held accountable for the disbursement of moneys in a Note Account if such disbursement is made in good faith in reliance upon the Agency's certification or requisition stating the purpose of such disbursement and if such stated purpose is proper and authorized under this Resolution. Except as otherwise provided herein, moneys in a Program Subaccount shall be used solely for (1) the making, purchasing or refunding of a Mortgage Loan or Mortgage Loans and disbursements pursuant to Section 403 in connection with such Mortgage Loans, (2) transfer pursuant to Section 404 into the Program or Payment Subaccount established for a Series other than the Series funding the Program Subaccount from which such moneys are being transferred, (3) transfer pursuant to Section 503 to the Payment Subaccount established for the Series funding such Program Subaccount, (4) purchase pursuant to Section 406 of Notes of the Series funding such Program Subaccount, or (5) any combination of the foregoing. Upon the issuance of renewal Notes pursuant to Section 201(b), a pro rata proportion of the total of all moneys and Mortgage Loans credited to the Program Subaccount for any Series being paid with the proceeds of such renewal Notes shall be transferred to the Program Subaccount for such Series of renewal Notes, the amount of moneys and the particular Mortgage Loans to be transferred (subject to Section 404) to be designated by a certificate of an Authorized Officer.

(b) The interest earned and other income derived from the investment or credit of moneys attributable to each Program Subaccount may be credited by the Agency to any account or fund of the Agency that it may choose.

Section 403. Mortgage Loan Disbursements. When the Agency makes, purchases or refunds a Mortgage Loan, the Agency shall designate such Mortgage Loan as being credited

to a specified Program Subaccount and shall reserve sufficient moneys to fund the entire amount of such Mortgage Loan. Moneys so reserved may not be used or reserved to make, purchase or refund another Mortgage Loan, to be transferred to another Program Subaccount or Payment Subaccount pursuant to Section 404 or to purchase Notes pursuant to Section 406, unless the Mortgage Loan for which such moneys were reserved has been credited to another Program Subaccount pursuant to Section 404 or refunded pursuant to Section 405.

When the Agency makes a disbursement in connection with the making, purchase or refunding of a Mortgage Loan, the Trustee shall, upon receipt of a requisition signed by an Authorized Officer identifying the Note Account from which such disbursement is to be made, and stating the purpose of such disbursement, the person to whom payment is to be made or account to which payment is to be transferred, and the amount in said Note Account remaining reserved for such Mortgage Loan but as yet undisbursed, pay out or transfer such disbursement as requested.

Section 404. Transfer of Mortgage Loans Between Series. The Agency may transfer a Mortgage Loan credited to one Program Subaccount (the "old Program Subaccount") to the credit of another Program Subaccount (the "new Program Subaccount") by requesting the Trustee to transfer from the Note Account for the new Program Subaccount into the Note Account for the old Program Subaccount the total amount that has at the time of such transfer been disbursed from the old Program Subaccount in connection with such Mortgage Loan plus the amount of accrued interest on such Mortgage Loan to the date of such transfer. The Agency shall upon such transfer credit to either the old Program Subaccount or the Payment Subaccount for the same Series as the old Program Subaccount such total amount that has been disbursed in connection with such Mortgage Loan, and shall credit to such Payment Subaccount such amount of accrued interest. Such a transfer may be made only if at the time of such transfer: (a) such Mortgage

Loan and the Development are eligible pursuant to the terms of the Revolving Credit Agreement, (b) such Mortgage Loan is not in default and (c) sufficient unreserved moneys are available in the new Program Subaccount to fund the entire amount of such Mortgage Loan. Upon such a transfer, the Agency shall reserve sufficient moneys in the new Program Subaccount to fund the entire amount of such Mortgage Loan remaining to be disbursed.

The Trustee shall make such a transfer upon receipt of a requisition signed by an Authorized Officer identifying such Mortgage Loan, the Note Accounts from which and to which such transfers are to be made, the amounts to be transferred, the purpose of such transfer, the amount to be reserved and the Note Account in which it is reserved.

Section 405. Refunding of Mortgage Loans. The Agency may refund a Mortgage Loan with the proceeds of bonds, notes or other obligations other than Notes by crediting to the Note Account containing the Program Subaccount to which such Mortgage Loan was credited an amount at least equal to the total amount disbursed for such Mortgage Loan from such Program Subaccount plus the amount of accrued interest on such Loan to the date of such credit. Within such Note Account the Agency shall credit such amount of accrued interest to the Payment Subaccount and such total amount that has been disbursed to either the Program Subaccount or the Payment Subaccount. Any Mortgage Loan so refunded shall be free and clear of the pledge of this Resolution.

Section 406. Purchase, Redemption or Prepayment of Notes. The Trustee shall use moneys in a Note Account for the purchase, redemption or prepayment of Notes of the Series for which such Account was established, in whole or in part, at a price not greater than par plus accrued interest, upon receipt of a requisition signed by an Authorized Officer and specifying such Note Account, the subaccount or subaccounts containing such moneys and the aggregate principal amount of Notes to be so purchased.

## ARTICLE V

### APPLICATION OF REVENUES AND OTHER MONEYS

Section 501. Pledge of Pledged Property. Subject only to the provisions hereof permitting the application or transfer thereof for or to the purposes and on the terms and conditions set forth herein, the Pledged Property is hereby pledged for the payment of the principal of and interest on the Notes.

Section 502. Payment Subaccounts. Within each Note Account, the Agency shall establish and maintain on its books and records a separate Subaccount designated the "                     Multi-Family Revolving Credit Payment Subaccount" (inserting therein the Series designation of such Series). From and after the time of delivery by the Trustee of each Series delivered hereunder, all Revenues shall be collected by the Agency and credited on the date of receipt thereof, as far as practicable, to the appropriate Note Account with the Trustee. Revenues shall be credited by the Agency to the Payment Subaccount established for the Series, the proceeds of which were used to fund the Mortgage Loan with respect to which such Revenues are received, until such Payment Subaccount contains an amount equal to the amount of principal of and interest on the Notes of such Series due on the next Interest Payment Date for such Series. Thereafter, until such Interest Payment Date, Revenues shall be credited to the Program Subaccount for such Series. Moneys in such Payment Subaccount shall be applied to the payment of the interest on and principal of such Series when due. The Trustee shall not be held accountable for the disbursement of moneys in a Note Account if such disbursement is made in good faith for the payment of such interest and principal.

Section 503. Deficiencies in Payment Subaccounts. In the event that the amount credited to a Payment Subaccount is insufficient to pay interest on and principal of the applicable Series of Notes when due, the Agency shall credit to such Payment Subaccount the amount of the deficiency by charging the Program Subaccount established for such Series,

and if the amount credited to the Note Account for such Series is insufficient to pay such interest and principal, the Trustee shall credit to such Note Account the amount of the deficiency by charging the Revolving Credit Subaccount. The Agency shall credit such amount to the Payment Subaccount within such Note Account.

## ARTICLE VI

### PARTICULAR COVENANTS OF AGENCY

Section 601. Payment of Notes. Subject to the other provisions of this Resolution the Agency shall duly and punctually pay or cause to be paid the principal of and interest on the Notes.

Section 602. 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 Notes shall be exempt from Federal and State of California income taxation under any valid provision of law, except that the Agency shall not be in violation of this covenant as a result of any Note being held by a person who, within the meaning of Section 103(b)(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 Note were used or is a "related person".

(b) The Agency shall at no time use directly or indirectly any of the proceeds of the Notes or any other moneys of the Agency to acquire securities or obligations the acquisition of which would cause any Note to be an arbitrage bond as defined in Section 103(c) of the Internal Revenue Code of 1954, as amended, and any applicable regulations issued thereunder.

Section 603. Issuance of Bonds. The Agency will use its best efforts to sell its bonds, notes or other obligations in a timely fashion so as to have sufficient funds to pay the principal of and interest on the Notes when due.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Supplemental Resolutions Effective Without Consent. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which Supplemental Resolution, without the consent of the Noteholders, shall be fully effective in accordance with its terms:

(a) to close this Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the issuance of future Notes, or of other notes, bonds, obligations or evidences of indebtedness pursuant hereto;

(b) to add to the covenants, agreements, limitations or restrictions herein contained other covenants, agreements, limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;

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

(d) to specify, determine or authorize in connection with the issuance of Notes of a Series any and all matters and things relative to such Notes or the proceeds thereof, which matters and things are not contrary to or inconsistent with the Resolution as theretofore in effect;

(e) to cure any ambiguity, supply any omission, correct any defect or inconsistent provision herein or insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, in such manner as is not contrary to or inconsistent with this Resolution as theretofore in effect; and

(f) to delete or change the requirement that a Program and a Payment Subaccount be established within each Note Account and to make other changes made necessary by reason of such deletion, but which do not impair the security

for the Notes.

Section 702. Supplemental Resolution Effective with Consent of Noteholders. Except as provided by Section 701 hereof, at any time or from time to time, a Supplemental Resolution amending or supplementing this Resolution may be adopted modifying any of the provisions of this Resolution or releasing the Agency from any of the obligations, covenants, agreements, limitations, conditions or restrictions herein contained, but no such Supplemental Resolution shall be effective (unless no Notes delivered by the Agency prior to the adoption of such Supplemental Resolution remain Outstanding at the time it becomes effective) until such Supplemental Resolution is consented to by or on behalf of Noteholders in accordance with and subject to the provisions of Article VIII.

#### ARTICLE VIII

##### AMENDMENTS

Section 801. Mailing and Publication of Notices.

(a) Any provision in this Article relative to the mailing of a notice or other paper to Noteholders shall be fully complied with if it is mailed, postage prepaid (1) to each Holder of any Notes then Outstanding who shall have filed with the Trustee an address for notices, and (2) 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 802. Powers of Amendment. In addition to those amendments to this Resolution which are authorized by Article VII hereof, any modification or amendment of this Resolution and of the rights and obligations of the Agency and of the Holders of the Notes and coupons hereunder, in any particular, may be made by a Supplemental Resolution with the written consent, given as hereinafter provided in Section 803, of Banks obligated with respect to at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Commitments at the time such

consent is given; provided, however, that no such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Note or of any installment of interest thereon or a reduction in the principal amount thereof or the rate of interest thereon without the consent of the Holder of such Note, or shall reduce the percentage of Commitments the consent of the Banks obligated with respect to which is required to effect any such modification or amendment without the consent of the Holders of all Notes then Outstanding, or shall change or modify any of the rights or obligations of the Trustee without the written consent of the Trustee thereto.

Section 803. Consent of Banks. The Agency may at any time, in accordance with the provisions of Section 702, adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 802, to take effect when and as provided in this Section. Such Supplemental Resolution shall not be effective unless and until, and shall take effect in accordance with its terms when: there shall have been filed with the Trustee (1) the written consents of Banks obligated with respect to the percentage of the Commitments specified in Section 802, and (2) an opinion of counsel (who shall be satisfactory to the Trustee) stating that such Supplemental Resolution has been duly and lawfully adopted by the Agency in accordance with the provisions of this Resolution, is authorized or permitted by the provisions of this Resolution, and, when effective, will be valid and binding upon the Agency.

#### ARTICLE IX

#### DEFAULTS AND REMEDIES

Section 901. Events of Default. Any Event of Default under the term of the Revolving Credit Agreement is hereby declared an Event of Default and in such event, the Holders of the Notes shall be entitled to the remedies set forth in the Revolving Credit Agreement (including

those in Section 8.2 of said agreement), which remedies shall be exercised as set forth in said agreement.

Section 902. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative 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 903. Control of Proceedings. In the case of an Event of Default the Trustee shall, if requested by the Agent by an instrument in writing executed and delivered to the Trustee, act on behalf of the Noteholders, as so requested, to realize by sale or otherwise the security pledged to the Notes; provided, however, that the Trustee shall have the right to decline to accede to any such request if the Trustee shall be advised by counsel that the action or proceeding so requested may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so requested would involve the Trustee in personal liability.

Section 904. Effect of Waiver and other Circumstances. No failure or delay by the Trustee, the Agent or any Noteholder in exercising any right, power or privilege hereunder or under this Resolution shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

#### ARTICLE X THE TRUSTEE

Section 1001. Funds Held in Trust. All moneys held by the Trustee, as such, at any time pursuant to the terms of this Resolution shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Resolution.

Section 1002. Certain Permitted Acts. The Trustee may become the owner of, or may deal in, Notes as fully and with the same rights it would have if it were not a Trustee. To the extent permitted by law, the Trustee may act as depositary 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 Noteholders or to effect or aid in any reorganization growing out of the enforcement of the Notes of this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Notes outstanding.

Section 1003. Resignation of Trustee. A Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations created hereby by giving not less than sixty days' written notice to the Agency and by publishing notice thereof, specifying the date when such resignation shall take effect, in Authorized Newspapers within twenty days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency or Noteholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1004. Removal. A Trustee (other than the Treasurer of the State as Trustee), or any successor thereof, may be removed at any time by the Agency, as permitted under the Act.

Section 1005. Appointment of Successor Trustee.

(a) In case at any time a Trustee, 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 Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed, or the manner of appointing a

successor may be determined, by Supplemental Resolution. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this section within forty-five days after the Trustee shall have given to the Agency written notice as provided in Section 1004 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Noteholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Trustee.

(b) A successor Trustee to the Treasurer of the State as Trustee may be appointed only in the event of an Event of Default or the resignation of the Treasurer of the State as Trustee. If an Event of Default occurs, and appointment of a successor Trustee would otherwise be permissible hereunder, but the Treasurer of the State as Trustee determines that it is impractical to resign or to be otherwise replaced as Trustee, a co-Trustee to serve with the Treasurer of the State as Trustee may be appointed by Supplemental Resolution. Any co-Trustee 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 State of California, having trust powers and having a capital and surplus aggregating at least two hundred million Dollars (\$200,000,000), willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all duties imposed upon it hereby.

Section 1006. Note Register. (a) Each Note shall be transferable only upon the books of the Agency, which shall be kept for the 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 by his duly authorized attorney. Upon the transfer of any such Note, the Agency shall issue in the name of the transferee a new Note or Notes of the same aggregate principal amount and Series and maturity as the surrendered Note.

(b) The Agency and the Trustee may deem and treat the person in whose name any Outstanding Note shall be registered upon the books of the Agency as the absolute owner of such Note, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note 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 Note to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary. The Agency agrees to indemnify and save the Trustee 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.

ARTICLE XI  
MISCELLANEOUS

Section 1101. Defeasance. (a) If the Agency shall pay or cause to be paid to the Holders of the Notes of any Series, the principal and interest to become due thereon, at the times and in the manner stipulated therein and herein, then the pledge of the Revenues, Accounts and moneys and securities therein hereby pledged for the payment of such Series and the covenants, agreements and other obligations of the Agency to such Noteholders 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 Trustee shall pay over and deliver to the Agency all such Revenues,

moneys or securities held by them pursuant hereto which are not required for the payment of Notes or coupons not theretofore surrendered for such payment or redemption.

(b) Any Series of Notes and interest installments appertaining thereto, for the full payment of which sufficient moneys shall have been deposited in trust for such payment by or on behalf of the Agency, whether at or prior to the Maturity Date of such Series, shall be deemed to have been paid within the meaning of this Section. No moneys so deposited 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 of and interest on the Notes for the payment of which they were deposited, excepting that any money so held for the payment to the holders of any particular Series of Notes and coupons appurtenant thereto of principal of or interest on such Notes shall be invested only in such Investment Obligations described in subsection (1) of the definition thereof as the Agency may approve; provided that any cash received from principal or interest payments on such Investment Obligations, if not then needed for such purpose, may be reinvested in such Investment Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Notes on and prior to such Maturity Date thereof, as the case may be. Interest earned and profit realized in excess of loss suffered from investment pursuant to this subsection (b) may be paid over to the Agency, to the extent not needed for payment of the Notes as aforesaid, as received, free and clear of any trust, lien, assignment in trust or pledge.

(c) As an alternative cumulative to and not excluding the provisions of subsection (b), any Series of Notes, or interest installments appertaining thereto, whether at or prior to the maturity Date of such Notes, shall be deemed to have been paid within the meaning of this section if there shall have been deposited in trust for such payment by or on behalf of the Agency, either (1) moneys in an

amount which shall be sufficient, or (2) Investment Obligations described in subsection (i) of the definition thereof in Section 101 the principal of and interest on which when due and without reinvestment will provide moneys which, together with the moneys, if any, deposited in trust at the same time, shall be sufficient to pay when due the principal and interest due and to become due on said Notes on and prior to the Maturity Date thereof, as the case may be. Neither such Investment Obligations nor any moneys so deposited nor any moneys received on account of principal of or interest on said Investment Obligations shall be withdrawn or used for any purpose other than the payment, when due, of the principal of and interest on the Notes for the payment of which they were deposited, and all such moneys shall be held in trust for and be applied to, such payment until such payment is made.

(d) Anything herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Notes which remain unclaimed for five years after the Maturity Date of such Notes, if such moneys were held by the Fiduciary on such date, or for five years after the date of deposit of such moneys if deposited with the Fiduciary after the Maturity Date of such Notes, shall, at the request of the Agency expressed in an Officer's Certificate 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 Notes 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 once in 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 1102. Investment of Funds. (a) The moneys held by the Trustee shall be a trust fund for the purposes hereof. Moneys attributable to each of the accounts on instructions confirmed in writing by an Authorized Officer, shall be invested by the Trustee holding the same in Investment Obligations 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.

(b) Investment Obligations representing an investment of moneys attributable to any account shall be deemed at all times to be a part of said account. The interest thereon and any profit arising on the sale thereof shall be credited to any Agency account as directed by certificate of an Authorized Officer. 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 account or, in the case of any required transfer of moneys to another such account may be transferred to that account in lieu of the required moneys if permitted hereby as an investment of moneys in that account and the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

Section 1103. Cancellation of Notes. All Notes purchased, redeemed or paid shall, if surrendered to the Agency, be cancelled by it and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it.

Section 1104. No Recourse on Notes. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the 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 interest on the Notes or for any claim based thereon or

hereunder against any director, officer or employee of the Agency or any natural person executing the Bonds.

Section 1105. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Trustee and the Holders of the Notes and the coupons thereunto appertaining, any right, remedy or claim under or by reason of this Resolution or any covenant, stipulation, obligation, promise or agreement herein contained by and on behalf of the Agency, shall be for the sole and exclusive benefit of the Agency, the Trustee, the Noteholders and their respective successors and assigns.

Section 1106. Accounting Records. Whenever the Trustee is required hereby to establish and maintain accounts, and if the Treasurer is the sole or co-Trustee, the establishment and maintenance of such accounts in the records of the Controller of the State shall be deemed to be in full compliance with such requirement.

Section 1107. Notice to Agency and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the principal office of the Trustee in Sacramento, California, which at the time of the adoption hereof is located at Room 110, 915 Capitol Mall, Sacramento, California 95814. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Agency at Suite 303, 301 Capitol Mall, Sacramento, California 95814, Attention: President, or to the Agency at such other address as may be filed in writing by the Agency with the Trustee.

Section 1108. State Pledge. In accordance with the Act, the following pledge is included herein:

The State pledges with the Holders of any Notes issued under this Resolution that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agree-

ments made with the Holders or in any way impair the rights and remedies of such Holders until such Notes, 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 1109. Subsequent Borrowing Resolution. The form of Subsequent Borrowing Resolution presented to this meeting is hereby approved in principal.

Section 1110. Effective Date. This Resolution shall take effect immediately.

PASSED AND ADOPTED this 21st day of November, 1978,  
by the following vote:

AYES: Kruer; Stein (by Berg); Turner; Unruh (by Moore);  
O'Connor; Frank

NOES: None

ABSTENTIONS: None

ABSENT: Mazer; Robinson

[SEAL]

Anthony M. Frank /s/  
Chairperson of the Board  
of Directors

Stuart Honse /s/  
Secretary of the Board  
of Directors