
CALIFORNIA HOUSING FINANCE AGENCY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

SUPPLEMENTAL INDENTURE

Dated as of January 1, 2012

supplementing and amending the

California Housing Finance Agency
Residential Mortgage Revenue Bonds General Indenture

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

WITNESSETH:

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

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

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

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

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

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

ARTICLE I

DEFINITIONS AND MISCELLANEOUS

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

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

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

ARTICLE II

AMENDMENTS

Section 2.01. Amendment of Section 102 of the General Indenture. The following definitions of the following terms are hereby added to Section 102 of the General Indenture:

“*Release Date*” has the meaning ascribed thereto in the 2009 Series A Indenture.

“*2009 Series A Bonds*” means Bonds issued pursuant to the authorization of the 2009 Series A Indenture.

“*2009 Series A Indenture*” means the Agency’s Series Indenture, dated as of December 1, 2009, relating to \$1,016,440,000 Residential Mortgage Revenue Bonds, 2009 Series A.

Section 2.02. Article XIII. The General Indenture is hereby amended by the addition of a new Article XIII thereto as follows:

“ARTICLE XIII

ARTICLE XIII BOND DETERMINATIONS

Notwithstanding anything elsewhere in this Indenture to the contrary,

(a) the Agency may determine with respect to any 2009 Series A Bonds with respect to which a Release Date has not yet occurred, by execution and delivery of a series indenture to such effect, that such 2009 Series A Bonds shall be subject to the provisions of this Article XIII, following which determination such 2009 Series A Bonds shall be treated for all purposes as if issued under this Article XIII and in compliance with the requirements hereof and

not under any of the other Articles of this Indenture and such 2009 Series A Bonds upon their Release Date shall thereupon and thereafter be subject to the provisions of this Article XIII and shall no longer be subject to the provisions of any of the other Articles of this Indenture and proceeds of such 2009 Series A Bonds shall thereupon and thereafter be pledged and held as provided in this Article XIII and shall no longer be pledged and held as provided in any of the other Articles of this Indenture; *provided* that such 2009 Series A Bonds made subject to the provisions of this Article XIII shall continue to be subject to the terms and provisions of the 2009 Series A Indenture as the same may be supplemented or amended;

(b) the Agency may determine in connection with the issuance of bonds or other obligations issued on or after January 1, 2012, by execution and delivery of a series indenture to such effect, whether such bonds or other obligations shall be subject to the provisions of this Article XIII, following which determination such bonds or other obligations shall be issued in accordance with this Article XIII and not in accordance with any of the other Articles of this Indenture and such bonds or other obligations upon their issuance and delivery shall thereupon and thereafter be subject to the provisions of this Article XIII and shall not be subject to the provisions of any of the other Articles of this Indenture and proceeds of such bonds or other obligations shall thereupon and thereafter be pledged and held as provided in this Article XIII and shall not be pledged and held as provided in any of the other Articles of this Indenture; and

(c) the provisions set forth in Exhibit A to this Indenture are hereby incorporated by reference into this Article XIII as if set forth at length herein and shall be applicable only to bonds or other obligations upon their Release Date as described in section (a) of this Article XIII or issued pursuant to section (b) of this Article XIII.”

Section 2.03. Article XIV. The General Indenture is hereby amended by the addition of a new Article XIV thereto as follows:

“ARTICLE XIV

ARTICLE XIV BOND DETERMINATIONS

Notwithstanding anything elsewhere in this Indenture to the contrary,

(a) the Agency may determine pursuant to an Authorized Officer’s Determination with respect to any 2009 Series A Bonds with respect to which a Release Date has not yet occurred that such 2009 Series A Bonds shall be subject to the provisions of this Article XIV, following which determination such 2009 Series A Bonds shall be treated for all purposes as if issued under this Article XIV and in compliance with the requirements hereof and not under any of the other Articles of this Indenture and such 2009 Series A Bonds upon their Release Date shall thereupon and thereafter be subject to the provisions of this Article XIV and shall no longer be subject to the provisions of any of the other Articles of this Indenture and proceeds of such 2009 Series A Bonds shall thereupon and thereafter be pledged and held as provided in this Article XIV and shall no longer be pledged and held as provided in any of the other Articles of this Indenture; *provided* that such 2009 Series A Bonds made subject to the

provisions of this Article XIV shall continue to be subject to the terms and provisions of the 2009 Series A Indenture as the same may be supplemented or amended;

(b) the Agency may determine pursuant to an Authorized Officer's Determination in connection with the issuance of bonds or other obligations issued on or after January 1, 2012 whether such bonds or other obligations shall be subject to the provisions of this Article XIV, following which determination such bonds or other obligations shall be issued in accordance with this Article XIV and not in accordance with any of the other Articles of this Indenture and such bonds or other obligations upon their issuance and delivery shall thereupon and thereafter be subject to the provisions of this Article XIV and shall not be subject to the provisions of any of the other Articles of this Indenture and proceeds of such bonds or other obligations shall thereupon and thereafter be pledged and held as provided in this Article XIV and shall not be pledged and held as provided in any of the other Articles of this Indenture; and

(c) the provisions set forth in Exhibit B to this Indenture are hereby incorporated by reference into this Article XIV as if set forth at length herein and shall be applicable only to bonds or other obligations upon their Release Date as described in section (a) of this Article XIV or issued pursuant to section (b) of this Article XIV."

Section 2.04. Exhibit A. The General Indenture is hereby amended by the addition thereto of a new Exhibit A in the form of Exhibit A attached hereto.

Section 2.05. Exhibit B. The General Indenture is hereby amended by the addition thereto of a new Exhibit B in the form of Exhibit B attached hereto.

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

CALIFORNIA HOUSING FINANCE AGENCY

By _____
[NAME]
[TITLE]

[Seal]

Attest:

Secretary of the Board of Directors

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

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

CALIFORNIA HOUSING FINANCE AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

EXHIBIT A

Dated as of January 1, 2012

to

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

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

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ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 101 Definitions. As used in this Exhibit A, unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Exhibit A and of any Supplemental Indenture, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

“Account” means an account or fund created by or pursuant to this Exhibit A.

“Accreted Value” means, on any particular date of calculation with respect to any particular Bond the interest on which is not payable at least semiannually (except for an initial period not to exceed one year), an amount equal to the original reoffering price of such Bond compounded on each Interest Payment Date or Principal Installment Date for Bonds of the same Series at the Original Issue Yield for such Bond, less interest paid, as of the Interest Payment Date or Principal Installment Date next preceding such date of calculation.

“Acquired Development” means a Development constructed, owned, operated or administered by the Agency by reason of the Agency’s obtaining possession thereof when the Borrower Loan with respect thereto is a Defaulted Loan.

“Acquired Development Account” means the Account so designated which is created and established pursuant to Section 502.

“Acquired Development Expense Requirement” means such amount of money as may, from time to time, be determined by an Officer’s Certificate to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with all Acquired Developments.

“Acquired Development Receipts” means all moneys received by the Agency in connection with Acquired Developments.

“Act” means the Zenovich Moscone Chacon Housing and Home Finance Act, constituting Division 31 of the Health and Safety Code of the State, and all laws supplementary thereto and amendatory thereof.

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

“Authorized Officer” means the Chairperson, the Executive Director, the Deputy Director or the Director of Financing, or any other person authorized by resolution of the Agency to act as an Authorized Officer hereunder.

“Bond” means any bond or bonds, as the case may be, authorized under and issued pursuant to, this Exhibit A.

“Bond Account” means the account so designated which is established and created by Section 502.

“Bondholder” or “Holder” or “holder” or any similar term means the person in whose name a Bond is registered.

“Bond Reserve Account” means the account so designated which is established and created by Section 502.

“Bond Reserve Account Requirement” means, (i) initially, \$0, and (ii), thereafter, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for all Series of Bonds Outstanding in the Series Indentures authorizing the issuance of such Bonds, or a lesser amount if each Rating Agency has confirmed that such lesser amount will not adversely affect the then-existing rating of the Bonds by such Rating Agency. The Trustee may rely upon a certificate from an Authorized Officer of the Agency which states the Bond Reserve Account Requirement as of the date of said certificate.

“Bond Year” means the period of twelve consecutive months ending on January 1 in any year in which Bonds are or will be Outstanding, beginning January 1, 2011.

“Borrower” means the owner of a Development and the direct or indirect obligor on a Borrower Loan.

“Borrower Loan” means a loan made, purchased or otherwise acquired with the proceeds of Bonds (other than Non-Parity Bonds) or with the proceeds of a Lender Loan for the construction or permanent financing of a development, and for which the obligation to repay is evidenced by a Note and secured by a Deed of Trust.

“Business Day” means any day other than (i) a Saturday, a Sunday or another day on which banking institutions in the State of California are authorized or obligated by law or executive order to be closed, (ii) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed and (iii) with respect to any Series of Bonds, a day upon which commercial banks are authorized or obligated by law or executive order to be closed in the city in which demands for payment are to be presented to any Credit Provider for such Series of Bonds.

“Capitalized Interest” means interest to be paid or reserved from the proceeds of the issuance of Bonds.

“Cash Flow Statement” has the meaning set forth in Section 616 hereof.

“Chairperson” means the Chairperson of the Board of Directors of the Agency.

“Costs 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.

“Counsel’s Opinion” means a written opinion, including supplemental opinions thereto, addressed to the Agency and signed by an attorney or firm of attorneys (who may be counsel for the Agency) acceptable to the Agency and the Trustee.

“Credit Facility” means any supplemental credit support or liquidity support for a Series of Bonds (other than Non-Parity Bonds).

“Credit Provider” means any person, firm or entity designated in a Series Indenture or Supplemental Indenture as providing a Credit Facility.

“Deed of Trust” means a deed of trust or other instrument which constitutes a lien on real property and improvements thereon and secures the obligation to repay a Borrower Loan.

“Defaulted Loan” means any Loan described in an Officer’s Certificate and stated to be in default in accordance with its terms.

“Deputy Director” means the Deputy Director of the Agency.

“Development” means a multifamily rental housing development financed by a Loan made, purchased or otherwise acquired with the proceeds of Bonds (other than Non-Parity Bonds).

“Director of Financing” means the Director of Financing of the Agency.

“Escrow Payments” means any payments made with respect to any Borrower Loan in order to obtain or maintain loan insurance, any subsidy and any fire or other hazard insurance and any payments required to be made with respect to any Borrower Loan for reserves or escrows for operating expenses or replacements or for taxes or other governmental charges or similar charges to be paid by a Borrower and required to be escrowed pending their application.

“Executive Director” means the Executive Director of the Agency.

“Exhibit A” means this Exhibit A as it may from time to time be amended, modified or supplemented by Series Indentures or Supplemental Indentures.

“FHA” means the Federal Housing Administration of HUD or any successor agency of the United States of America.

“Fiduciaries” means the Trustee and any Paying Agents and any other person identified as such by a Series Indenture.

“Fiscal Year” means any fiscal year (or other comparable period) of the Agency.

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

“HUD” means the United States Department of Housing and Urban Development or its successor.

“Interest Payment Date” means, with respect to any particular Bond, a date on which interest on such Bond is required to be paid.

“Interest Requirement” means, as of any particular date of calculation and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid interest then due on Outstanding Bonds of such Series (including any amount required to be reimbursed to any Credit Provider for payment of such interest), plus (2) an amount equal to the interest due and payable on Outstanding Bonds of such Series on the next succeeding Interest Payment Date; provided that Non-Parity Bonds shall be excluded from the calculation of the Interest Requirement. For purposes of this definition, any assumptions made in the calculation of interest in connection with the issuance of Bonds bearing interest at a variable rate shall be as set forth in the Series Indenture.

“Investment Obligation” means any of the following which at the time are lawful investments under the laws of the State for the moneys held hereunder then proposed to be invested therein: (1) direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State; (2) 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 the Central Bank for Cooperatives and 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, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations; (3) commercial paper rated within the highest short-term Rating Category of each Rating Agency and issued by corporations (a) organized and operating within the United States; and (b) having total assets in excess of five hundred million dollars (\$500,000,000); (4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by an institution the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency; (5) repurchase agreements or reverse repurchase agreements, with nationally recognized broker dealers which are agreements for the purchase or sale of Investment Obligations pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or

buyer has outstanding long-term indebtedness which are rated within the highest two Rating Categories by each Rating Agency; (6) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the two highest Rating Categories by each Rating Agency; (7) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which are issued by an institution the general obligations of which are rated within the highest short-term rating and the highest two Rating Categories by each Rating Agency; (8) interests in any short term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) of this definition, which are rated within the highest two Rating Categories by each Rating Agency; (9) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act if each Rating Agency has confirmed that investment therein, in and of itself, will not adversely affect the then-existing rating on the Bonds; (10) other investment securities acceptable to each Credit Provider which will not cause the rating on any Bonds to be reduced or withdrawn; or (11) any investments authorized in a Series Indenture authorizing Bonds, as long as the related Bonds are rated by each Rating Agency.

“Issue Dates” means, with respect to any particular Series of Bonds, the date or dates of the Bonds of such Series as specified and determined in accordance with Article II.

“Lender” means a financial institution which borrows money from the Agency in order to make, purchase or otherwise acquire a Borrower Loan.

“Lender Loan” means a loan made by the Agency to a Lender to finance a Borrower Loan.

“Loan” means a Borrower Loan or a Lender Loan or a Mortgage-Backed Security.

“Loan Documents” means, with respect to any particular Loan, the Note, Deed of Trust, any loan agreement, any regulatory agreement and all other agreements between the Agency and a Borrower or a Lender, or between a Lender and a Borrower, relating to a Loan, and any documents relating to a Mortgage-Backed Security or a credit enhancement instrument relating to such Loan and to which or of which the Agency or the Trustee is a party or a beneficiary.

“Loan Expenses” means the cost of real estate taxes, appraisal fees, insurance fees, legal fees and any other expenses which may be required to maintain the priority of the Agency’s lien, to protect or enforce the Agency’s rights, or to maintain in full force and effect or realize the benefits of any insurance or guarantee, on or with respect to any Loan.

“Loan Principal Prepayments” means any amounts, other than Risk Sharing Reimbursements, received by the Agency or the Trustee representing recovery of the Principal Amount of any Loan (exclusive of amounts representing regularly scheduled principal payments) as a result of (1) any voluntary prepayment of all or part of the Principal Amount of a Loan, including any prepayment, fee, premium or other such additional charge; (2) the sale, assignment

or other disposition of a Loan (including assignment of a Loan to collect upon any insurance); (3) the acceleration of a Loan (for default or any other cause) or the foreclosure or sale under a Deed of Trust or other proceedings taken in the event of default of such Loan; and (4) compensation for losses incurred with respect to such Loan from the proceeds of condemnation, title insurance or hazard insurance.

“Loan Reserve Account” means an Account so designated which is created and established by a Series Indenture pursuant to Section 508.

“Loan Reserve Account Requirement” means, with respect to any Series of Bonds, as of any particular date of calculation, the amount specified for such date in the Series Indenture providing for issuance of such Series of Bonds, which Requirement, as to any Series of Bonds, may be satisfied by a letter of credit, surety bond or other facility if so provided in the Series Indenture providing for such Series.

“Moody’s” means Moody’s Investors Service, Inc. its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee.

“Mortgage-Backed Security” means a pass-through certificate, mortgage participation certificate or other mortgage-backed security issued by or in the name of, and guaranteed as to timely payment of principal and interest by, the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or the Government National Mortgage Association or, in each case, any successor federally sponsored association or agency, registered or recorded in book-entry form in the name of the Trustee or the Agency, and backed by or representing an undivided interest in one or more Borrower Loans, or a participation interest in any of the foregoing types of securities.

“Non-Parity Bonds” means Bonds so identified in a Series Indenture or in a Supplemental Indenture prior to or concurrently with the first use of the proceeds of such Bonds to finance a Loan, which Bonds shall be secured and payable separately from all parity Bonds and other Secured Obligations under this Exhibit A.

“Note” means an instrument evidencing a Borrower’s obligation to repay a Borrower Loan.

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

“Original Issue Yield” means, with respect to any particular Bond, the original issue yield to maturity of such Bond from the initial date of delivery of such Bond, calculated on the basis of semiannual compounding on the Interest Payment Dates and Principal Installment Dates for Bonds of the same Series.

“Outstanding,” when used with reference to bonds and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (1) any Bond cancelled by the Trustee, or proved to the satisfaction of the Trustee to have been cancelled by the Agency or by any other Fiduciary at or before said date, (2) any bond paid or deemed to be paid within the

meaning of Section 1201, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to Sections 307, 308, 310, 311, 705 or 906.

“Paying Agent” means any paying agent for Bonds appointed pursuant to or as provided in Section 1108, and its successor or successors and any other corporation or association which may at any time be substituted in its place pursuant to this Exhibit A.

“Permitted Encumbrances” means, with respect to any particular Loan, such liens, encumbrances, reservations, easements and other imperfections of title as are acceptable to the Agency.

“Principal Amount” means on any particular date of calculation (1) with respect to any particular Bonds (other than Non-Parity Bonds), the sum of (a) the principal amount on such date of calculation of such Bonds not having an Accreted Value, plus (b) the Accreted Value on such date of calculation of such Bonds having an Accreted Value, and (2) with respect to any Loan, the principal amount of such Loan on such date of calculation.

“Principal Balance” means, with respect to each Loan, the unpaid principal balance thereof.

“Principal Installment” means, as of any particular date of calculation with respect to any particular Series of Bonds Outstanding on such date of calculation and with respect to any particular future date, an amount equal to the sum of (1) the Principal Amount of Outstanding Bonds of such Series which mature on such future date, reduced by the aggregate Principal Amount of Outstanding Bonds of such Series which would at or before such future date cease to be Outstanding by reason of the application of Sinking Fund Installments at or before such future date, and (2) the amount of any Sinking Fund Installment payable on such Series on such future date; provided that Non-Parity Bonds shall be excluded from the calculation of Principal Installments.

“Principal Installment Date” means, with respect to any particular Series of Bonds (other than Non-Parity Bonds), any date on which a Principal Installment with respect to such Series is required to be made.

“Principal Office,” when used with respect to a particular Fiduciary, means the office of such Fiduciary so designated herein or in any notice given by such Fiduciary to the Agency, and in the case of the Trustee, as of the date hereof, is at the applicable address set forth in Section 1209 hereof.

“Principal Requirement” means, as of any particular date of calculation, and with respect to any particular Series of Bonds Outstanding on such date of calculation, an amount equal to the sum of (1) any previously unpaid Principal Installment of such Series then due (including any amount required to be reimbursed to any Credit Provider for payment of such Principal Installment), and (2) any Principal Installment of such Series due on the next succeeding Principal Installment Date(s) for such Series during the period of twelve months from such date of calculation; provided that Non-Parity Bonds shall be excluded from the calculation of the Principal Requirement.

“Program Account” means an Account so designated which is established and created pursuant to Section 402.

“Rating Agency” means Moody’s while it maintains a rating on any Bonds, or S&P while it maintains a rating on any Bonds, or both while both maintain a rating on any Bonds.

“Rating Category” means one of the general rating categories of a Rating Agency (in the case of long-term securities only, without regard to any refinement or graduation of such rating category by numerical or symbolic modifier or otherwise).

“Rebatable Arbitrage” means the amount (determinable as of the end of each Bond Year) of arbitrage profits earned from the investment of “gross proceeds” of a Series of Bonds in “nonpurpose investments” described in Section 148(f)(2) of the Internal Revenue Code of 1986 and defined as “Rebatable Arbitrage” in Section 1.148-2 of the Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Internal Revenue Code of 1986 and Section 1.148-1 of the Regulations.

“Record Date” means, with respect to any particular Bond and for any particular Interest Payment Date, the date upon which is established to whom interest payable on such Interest Payment Date on such Bond should be paid.

“Redemption Account” means the Account so designated which is established and created by Section 502.

“Redemption Price,” when used with respect to a particular Bond or portion thereof, means the Principal Amount of such Bond or portion to be redeemed plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

“Refunding Bonds” means any Bonds issued pursuant to Section 205; provided that bonds issued to refund Non-Parity Bonds shall not constitute Refunding Bonds.

“Required Rebate Deposit” means an amount determinable as of the end of each Bond Year and as of the date of retirement of the last Bond, which when added to amounts then on deposit in the rebate fund to be established pursuant to any Tax Certificate, equals the aggregate amount of Rebatable Arbitrage for the Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to the Bonds, if any.

“Resolution” means a resolution duly adopted by the Board of Directors of the Agency.

“Revenue Account” means the Account so designated which is established and created by Section 502.

“Revenues” means all amounts received by the Agency or the Trustee (1) as or representing payment or recovery of the principal of or interest on any Loan, including, without limiting the generality of the foregoing, scheduled payments of principal and interest on any Loan and paid from any source (including both timely and delinquent payments and any late

charges and Loan Principal Prepayments), (2) any fees paid with respect to any Loan and expressly designated for deposit under this Exhibit A, (3) amounts paid under any Deed of Trust or other Loan Document as damages or reimbursement of expenses or otherwise, (4) all Acquired Development Receipts, (5) all amounts required by any Series Indenture to be deposited in the Revenue Account for the payment of Bonds (other than Non-Parity Bonds), and (6) all interest, profits or other income derived from the investment of amounts in any Account, but "Revenues" shall not include (a) Escrow Payments, (b) any amounts representing reimbursement to the Agency of advances of principal or interest or expenses incurred by the Agency in connection with the collection or recovery of principal of, or interest on, or other amounts due under, any Loan, (c) the proceeds of hazard insurance to the extent used to repair or rebuild a damaged Development, (d) servicing fees, insurance premiums, closing fees, finance charges, administrative fees, commitment fees or other similar fees, premiums or charges imposed by the Agency, or (e) any amounts pledged to secure Non-Parity Bonds.

"Risk Sharing Act" means Section 542(c) of the Housing and Community Development Act of 1992, as may be amended from time to time, and any regulations issued thereunder, including 24 CFR Part 266.

"Risk Sharing Insurance Payments" means amounts paid by HUD under the Risk Sharing Act representing initial claim payments (less any delinquent mortgage insurance premiums, late charges and interest or other amounts as may be assessed by HUD) in connection with an insurance claim with respect to a Loan.

"Risk Sharing Reimbursement" means moneys which, under the regulations applicable to the loan insurance provided pursuant to the Risk Sharing Act, are required to be paid to HUD following HUD's payment of an insurance claim with respect to a Loan, including but not limited to: (a) that portion of an initial claim payment by HUD in excess of the amount necessary to retire Bonds which financed or are deemed by the Agency to have financed the related Loan; (b) Loan payments by a Borrower after payment of an insurance claim by HUD with respect to such Loan, up to an amount equal to that amount due to HUD; and (c) that portion of the proceeds from the foreclosure of the related Loan equal to the amount due to HUD.

"S&P" means Standard & Poor's, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee.

"Secured Obligations" means (i) the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Exhibit A, according to their tenor; and the performance and observance of all the covenants and conditions therein and herein set forth; and (ii) the payment and performance of all obligations of the Agency to all Credit Providers pursuant to any documents executed by the Agency in connection with the issuance of the Bonds or with any liquidity or credit support provided by the Credit Providers; provided, however, that Non-Parity Bonds shall not constitute Secured Obligations.

"Serial Bonds" means the Bonds so designated in a Series Indenture.

“Series” or “Series of Bonds” means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to a Series Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to Sections 307, 308, 310, 311, 705 or 906.

“Series Indenture” means any Supplemental Indenture authorizing the issuance of a Series of Bonds and entered into between the Agency and the Trustee in accordance with this Exhibit A.

“Sinking Fund Installment” means the amount of money required by or pursuant to this Exhibit A to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

“State” means the State of California.

“Supplemental Indenture” or “indenture supplemental hereto” means any indenture entered into between the Agency and the Trustee amending or supplementing this Exhibit A in accordance with the provisions of this Exhibit A.

“Tax Certificate” means each Tax Certificate dated the date of issuance and delivery of a Series of Bonds (if and to the extent interest on such Series is intended to be excluded from gross income for federal tax purposes), executed and delivered by the Agency, as amended, supplemented or otherwise modified from time to time.

“Term Bonds” shall mean any Bonds of any Series so designated in the Series Indenture authorizing the issuance of such Series and for the retirement of which Sinking Fund Installments may be established.

“Trustee” means U.S. Bank National Association, in San Francisco, California, or its successor as Trustee hereunder as provided in Article XI.

Section 102 Construction. The following rules of construction shall govern this Exhibit A:

Words importing any particular gender include all other genders.

Words importing the maturity or coming due of a Bond do not include or connote the coming due of such Bond upon redemption thereof prior to maturity.

Words importing persons include natural persons, firms, associations, trusts, partnerships and corporations.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms, refer to this Exhibit A as a whole; the term “heretofore” means before the date of this Exhibit A; and the term “hereafter” means after the date of this Exhibit A.

Articles and Sections mentioned by number only are the respective Articles and Sections of this Exhibit A so numbered.

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

Section 103 Parties Interested Herein. Nothing in this Exhibit A 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 Secured Obligations, including any subrogee or assignee of the holders of Secured Obligations, any right, remedy or claim under or by reason of this Exhibit A, and any covenants, stipulations, obligations, promises and agreements in this Exhibit A 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 Secured Obligations, including any subrogee or assignee of the holders of Secured Obligations.

Section 104 Governing Law. This Exhibit A shall be governed by and construed and interpreted in accordance with the laws of the State without regard to conflicts of laws principles.

Section 105 Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements in this Exhibit A 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, or agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of this Exhibit A or of the Bonds.

Section 106 Accounting Records. Any fund required by this Exhibit A to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds or accounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, and with due regard for the requirements of Section 603 and for the protection of the security of the Bonds and the rights of every Holder thereof.

Section 107 Purpose and Function. (A) The purpose of this Exhibit A is to provide for the issuance and/or holding of bonds that are separately secured from all other bonds issued and to be issued under the General Indenture.

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

of the principal or Redemption Price or Sinking Fund Payments or interest on any bonds (other than the Bonds) issued or to be issued under the General Indenture.

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

Section 108 Interpretation. In the event of a conflict between the provisions of the General Indenture and the provisions of this Exhibit A, the provisions of this Exhibit A shall govern. The provisions of this Section 108 are subject, in all respects, to the provisions of Sections 107 and 109 hereof.

Section 109 Representations; Pledge.

(A) The Agency hereby represents and warrants that

- (1) the Agency has been created by the Act;
- (2) the Agency has determined to borrow money for the purpose of financing or refinancing the construction or development of multifamily rental housing and to that end has duly authorized the issuance of its Bonds hereunder, and to secure the payment of the principal thereof and of the interest and premium (if any) thereon, and the observance of the covenants and conditions herein contained, has authorized the delivery of this Exhibit A;
- (3) said Bonds are to be issued hereunder, from time to time, in an aggregate principal amount not limited except as hereinafter provided;
- (4) the Agency has determined that it may provide supplemental credit or liquidity support for any Series of Bonds to the extent necessary to obtain, if desirable, a credit rating for such Series as hereinafter specified; and
- (5) all acts and proceedings required by the Act and other applicable law, including all action requisite on the part of the Agency, its Board of Directors, its members and its officers necessary to make the Bonds, when executed by the Agency, authenticated and delivered by the Trustee and duly issued, the valid, legal and binding obligations of the Agency, and to constitute this Exhibit A a valid, legal and binding

agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Exhibit A have been in all respects duly authorized.

(B) In order to secure the Secured Obligations, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee and to its successors in the trusts hereby created, all and singular, the property of the Agency, real and personal, hereinafter described (said property being herein sometimes referred to as the "trust estate"):

(1) All of the rights, title and interest of the Agency in, to and under the Loans financed pursuant to this Exhibit A, including mortgage insurance proceeds, and the Deeds of Trust and other security documents securing such Loans;

(2) All of the Revenues derived by the Agency, directly or indirectly, from or related to the Loans or otherwise;

(3) All proceeds of the sale of Bonds (other than Non-Parity Bonds) until applied as provided herein;

(4) All Accounts (other than Rebatable Arbitrage and any fund containing remarketing proceeds) established pursuant to this Exhibit A, and the moneys and securities therein; and

(5) All property which is by the express provisions of this Exhibit A required to be subjected to the lien hereof; and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Agency or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder;

TO HAVE AND TO HOLD, all and singular, the trust estate, including any and all additional property that by virtue of any provision hereof or of any Supplemental Indenture hereto shall hereafter become subject to this Exhibit A and to the trusts hereby created, unto the Trustee and its successors in the trusts hereby created;

IN TRUST, NEVERTHELESS, and, except as expressly provided herein, for the equal and proportionate benefit and security of the holders from time to time of any of the Secured Obligations, without preference, priority or distinction as to lien or otherwise of any one holder of Secured Obligations over any other holder of Secured Obligations by reason of priority in the issue, sale or negotiation thereof, or of any other cause, so that each holder of Secured Obligations shall have the same rights, privileges and lien under and by virtue of this Exhibit A, so that every holder of Secured Obligations shall, subject to the terms hereof, be equally and proportionately secured hereby, as if all such obligations had been duly issued and sold and negotiated simultaneously with the execution and delivery of this Exhibit A;

And it is hereby covenanted and agreed that all of the Bonds shall be issued, authenticated and delivered, and that the trust estate shall be held by the Trustee, subject only to the further covenants, conditions, uses, applications and trusts hereinafter set forth.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201 Authorization of Bonds. In order to provide sufficient funds for the purposes of this Exhibit A, Bonds of the Agency, each to be entitled "California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program)," are hereby authorized to be issued from time to time without limitation as to amount, except as provided in this Exhibit A or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in this Exhibit A and in one or more Series Indentures as hereinafter provided.

Section 202 Authorization for Issuance of Bonds in Series. (A) From time to time when authorized by this Exhibit A and subject to the terms, limitations and conditions established in this Exhibit A, the Agency may authorize the issuance of a Series of Bonds by authorizing and entering into a Series Indenture 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, in addition to the title "California Housing Finance Agency Residential Mortgage Revenue Bonds (Multifamily Program)," shall bear such letter and/or number Series designation as may be necessary to distinguish such Series of Bonds from the Bonds of every other Series, and may also bear a parenthetical designation indicating the form of supplemental credit support, if any, for or any other feature of such Series. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds or both.

All or any portion of the Bonds of any Series may be designated as Non-Parity Bonds, in which case the Series Indenture or Supplemental Indenture designating such Series of Bonds shall contain the applicable provisions described in Section 206, and to that extent shall not be required to meet the requirements of paragraph (B) of this Section 202.

(B) Each Series Indenture 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 purposes of this Exhibit A, including costs incidental thereto, or the refunding of Bonds or other obligations of the Agency or other entity designated by the Agency and shall specify and determine:

- (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 this Exhibit A to be paid into one or more of the Accounts established pursuant hereto or pursuant to a Series Indenture, and

(ii) for the payment of or redemption of Bonds or other obligations of the Agency or other entity designated by the Agency and related purposes as provided in and under the conditions and subject to the provisions and limitations of Section 205;

(3) The Credit Provider, if any, for such Series and such provisions as are necessary to implement the supplemental credit or liquidity support, if any, for such Series;

(4) The amount of money, if any, to be credited to the Bond Account and the Bond Reserve Account and the applicable subaccount of the Loan Reserve Account and Program Account for the Series of Bonds authorized to be issued;

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

(6) The authorized denomination or denominations of the Bonds of such Series;

(7) The Issue Date or Issue Dates and the date or dates of maturity of the Bonds of such Series;

(8) The rate or rates or the manner of determining the rate or rates of interest (which may be fixed or variable) borne by the Bonds of such Series and the Record Dates and Interest Payment Dates of such Bonds;

(9) 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);

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

(11) Any Paying Agent for such Bonds appointed by such Series Indenture, subject to Section 1108, and its Principal Office, and any tender agent, remarketing agent or other fiduciary with respect to such Bonds;

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

(13) The designation of any Accounts to be established pursuant to Article IV or Article V and any other Accounts deemed advisable by the Agency;

(14) Any increase in the Bond Reserve Account Requirement or any increase in the Loan Reserve Account Requirement for such Series of Bonds; and

(15) Any other provisions deemed advisable by the Agency, not in conflict with or in substitution for the provisions of this Exhibit A (except as expressly permitted in this Exhibit A).

Section 203 Issuance and Delivery of Bonds. After their issuance has been provided for by a Series Indenture, any Series of Bonds may be executed by or on behalf of the Agency, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the purchasers thereof upon compliance by the Agency with the requirements, if any, set forth in such Series Indenture and with the requirements of Section 204.

Section 204 Conditions Precedent to Delivery of a Series of Bonds. Except as provided in Sections 307, 308, 310, 311, 705 and 906, the Trustee shall deliver to the purchasers or underwriters thereof a Series of Bonds authorized to be issued pursuant to this Exhibit A only upon receipt by the Trustee of:

(1) A Counsel's Opinion stating that in the opinion of such counsel this Exhibit A has been duly authorized by the Agency and is valid and binding upon the Agency;

(2) Except in the case of Bonds that are Non-Parity Bonds upon their original issuance, an Officer's Certificate stating the amount of the proceeds of such Series to be deposited in each Account;

(3) Except in the case of Bonds that are Non-Parity Bonds upon their original issuance, an Officer's Certificate to the effect that the requirements of Section 611(B) are met with respect to the issuance of such Series;

(4) Such other opinions and/or certificates as may be required in connection with the issuance and delivery of a Series of Bonds; and

(5) Evidence that the issuance of such Series will not result in the reduction, suspension or withdrawal of the rating then assigned to any of the Series then having Bonds Outstanding.

Section 205 Refunding Bonds. (A) 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 or to refund any other obligations of the Agency or any other entity designated by the Agency. Bonds of such Series shall be issued in a Principal Amount sufficient, together with other moneys available therefor, to accomplish such refunding and make such deposits required by the provisions of the Act, this Section, the Series Indenture or Series Indentures providing for the issuance of the Bonds to be refunded, or any indenture or other document providing for the issuance of any other obligations to be refunded, and the Series Indenture providing for the issuance of said Series of Refunding Bonds.

(B) A Series of Refunding Bonds may be delivered only upon receipt by the Trustee or applicable fiduciary for other obligations to be refunded (in addition to the receipt by the Trustee of the documents required by Section 204) of:

(1) Irrevocable instructions to give due notice of redemption on the redemption date specified in such instructions;

(2) Irrevocable instructions to the Trustee to give written notice as provided for in Section 1201 to the Holders of Bonds being refunded, or instructions for the giving of notice of the defeasance of any other obligations to be refunded, as required in the indenture or other documents providing for the issuance of such obligations;

(3) Moneys and Investment Obligations in an amount and to be held under terms and conditions such that the Bonds or other obligations to be refunded are deemed to have been paid within the meaning of Section 1201 or the applicable provisions of the indenture or other document providing for the issuance of such obligations; and

(4) An Officer's Certificate containing such additional statements as may be reasonably necessary to show compliance with the requirements of this Section 205.

(C) Any balance of the proceeds of the Bonds of each such Series shall be deposited in such Accounts as shall be specified in the Series Indenture authorizing such Series of Refunding Bonds.

Section 206 Non-Parity Bonds. (A) Each Series Indenture for Bonds that are Non-Parity Bonds upon their original issuance shall identify specifically the security for such Non-Parity Bonds and the terms of such Non-Parity Bonds, including but not limited to the applicable requirements of Section 202(B) and the following, if applicable:

(1) the application of proceeds of the Bonds and funds and accounts to be established under the Series Indenture;

(2) provisions for the investment of moneys;

(3) specific representations and covenants of the Agency;

(4) provisions for credit enhancement or liquidity support;

(5) requirements relating to mortgage loans and other security for the Bonds, including, if applicable, descriptions of loan agreements or other documents to be entered into with borrowers or other parties;

(6) provisions for supplementing or amending the Series Indenture;

(7) events of default and remedies;

(8) defeasance provisions;

(9) provisions for the appointment and removal of trustees, paying agents, remarketing agents and any other third-parties;

- (10) notice provisions;
- (11) if applicable, any cross-collateralization or parity status to be established among different Series or classes of Non-Parity Bonds; and
- (12) any other provisions deemed necessary and advisable.

(B) In the event of any conflict between the terms of this Exhibit A and the terms of any Series Indenture or Supplemental Indenture designating Bonds as Non-Parity Bonds, the terms of such Series Indenture or Supplemental Indenture shall control, if and to the extent that such terms do not materially adversely affect the interests of the owners of Bonds other than Non-Parity Bonds. The designation of Bonds as Non-Parity Bonds in accordance with this Exhibit A shall be deemed not to materially adversely affect the interests of the owners of Bonds other than Non-Parity Bonds.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 Date of Bonds. Each Bond shall be dated as of and, except as provided in Section 304 for certain Bonds, bear interest from its Issue Date.

Section 302 Interest Payment Dates. Interest on each Bond shall be payable on the dates specified in the Series Indenture providing for the issuance of such Bond.

Section 303 Principal Installment Dates. The date when each Principal Installment with respect to a Series of Bonds is payable shall be as specified in the Series Indenture providing for the issuance of such Series.

Section 304 Payment, Form and Interest. (A) The Bonds shall be payable, with respect to interest, principal and redemption premium, if any, in lawful money of the United States of America.

(B) The Bonds of each Series may be issued only as fully registered Bonds in the denomination or denominations and in the form specified in the Series Indenture providing for the issuance of such Series. Notwithstanding the foregoing, any Series Indenture may provide that Bonds of a Series may be issued in bearer form, with or without coupons, subject to any applicable requirements of law. The Bonds may be printed, lithographed, typewritten or otherwise reproduced.

(C) Each Bond shall bear interest from the Interest Payment Date for such Bond next preceding the date of registration thereof unless it is registered on or before an Interest Payment Date for such Bond and after the related Record Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered on or prior to the Record Date next preceding the first Interest Payment Date of such Bond, in which event it shall bear interest from its Issue Date; provided, however, that if at the time of registration of any Bond interest is in default on such Bond, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on such Bond. Payment of the

interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date next preceding the Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed to such Bondholder at such Bondholder's address as it appears on such registration books.

Section 305 Legends. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Exhibit A 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 an Authorized Officer, and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, impressed, engraved or otherwise reproduced and attested by the manual or facsimile signature of another Authorized Officer of the Agency, or in such other manner as may be required by law. In case any one or more of the Authorized Officers who shall have signed, sealed or attested any of the Bonds or whose signature appears on any of the Bonds shall cease to be such Authorized Officers before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered or caused to be delivered by the Trustee or issued by the Agency, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Agency as if the persons who signed or sealed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices or be so employed until such delivery. Any Bond 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 Issue Date of such Bond such persons may not have been so authorized or have held such office or employment.

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

Section 307 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 309, by the Bondholder in whose name it is registered, in person or by such Bondholder's duly authorized attorney, upon surrender of such Bond for cancellation, at the Principal Office of the Trustee, accompanied by a written, duly executed instrument of transfer in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same Series, maturity and tenor and for a like aggregate principal amount.

The Trustee may charge a reasonable sum for each new Bond authenticated and delivered upon any transfer. The Trustee shall also require the payment by any Bondholder

requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Bond shall be required during the five days next preceding any date established by the Trustee for the selection of Bonds of the same Series for redemption.

Section 308 Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, maturity and tenor. The Trustee may charge a reasonable sum for each new authenticated Bond delivered upon any exchange except in the case of any exchange of temporary Bonds for definitive Bonds. The Trustee shall also require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Bond shall be required during the five days next preceding any date established by the Trustee for the selection of Bonds of the same Series for redemption.

Section 309 Bond Register. The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds, which shall at all reasonable times be open to inspection by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable rules as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided. The Agency and the Trustee may treat the registered owner of each Bond as the absolute owner thereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

Section 310 Temporary Bonds. Bonds of any Series may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed, typewritten or otherwise reproduced, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this Exhibit A as may be appropriate. Every temporary Bond shall be executed by the Agency and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay upon the request of the purchaser of said Bonds, and thereupon the temporary Bonds may be surrendered for cancellation in exchange therefor at the Principal Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations of the same Series, maturity or maturities and tenor or tenors. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Exhibit A as definitive Bonds authenticated and delivered hereunder.

Section 311 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Agency, at the expense of the holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, maturity, tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender of such Bond at the Principal Office of the Trustee. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Agency. If any Bond shall be

lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the Bondholder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like Series, maturity, tenor, number and principal amount. The Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this Section and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Exhibit A with all other Bonds issued under this Exhibit A.

Section 312 Numbering of Bonds. Each Series of Bonds shall be numbered from 1 upward in the order of their issuance, preceded by the letter designation of such Series, unless otherwise provided in the applicable Series Indenture.

Section 313 Book-Entry System. Bonds may be issued as certificated Bonds or as book-entry bonds under a book-entry system as specified in the related Series Indenture.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401 Application of Bond Proceeds. Of the proceeds of sale of Bonds of any Series (other than Non-Parity Bonds), including accrued interest thereon, the following amounts shall, on the date of delivery of such Bonds by the Agency, be delivered to the Trustee to be credited and held in trust as follows:

- (1) In the Bond Account, the amount, if any, of interest accrued from the Issue Date of such Bonds to the date of delivery of such Bonds;
- (2) In the Bond Reserve Account, to the extent necessary to increase the amount therein to the Bond Reserve Account Requirement;
- (3) In the Loan Reserve Account for such Series, to the extent necessary to increase the amount therein to the Loan Reserve Account Requirement;
- (4) In the applicable Program Account, the amount, if any, as shall be specified as necessary to pay or provide for the payment of Costs of Issuance;
- (5) In the applicable Program Account, the amount, if any, as shall be specified to be credited thereto for payment of or reservation for Capitalized Interest; and
- (6) In the applicable Program Account, or, in the event of the issuance of Refunding Bonds pursuant to Section 205, to the Trustee or other applicable fiduciary or agent to be held in accordance with Section 205(B)(3), the balance of such proceeds remaining after the foregoing payments.

Section 402 Establishment and Application of Program Accounts. (A) Unless such Bonds are issued as Non-Parity Bonds pursuant to Section 206 or Refunding Bonds pursuant to Section 205, the Agency shall establish with respect to each Series of Bonds a separate trust Account or Accounts to be held by the Trustee designated “—Program Account” (inserting therein the Series designation of such Bonds). Except as otherwise provided herein, moneys in the Program Accounts shall be used solely for (1) the financing of Loans (including accrued interest thereon), (2) redemption of Bonds by operation of the Redemption Account, (3) payment of Costs of Issuance to the extent provided by the applicable Series Indenture and (4) payment of Capitalized Interest on the Bonds to the extent provided by the applicable Series Indenture. Any Loan financed by application of amounts in any Program Account shall be deemed to have been financed by application of amounts relating to the Series of Bonds for which such Account was established or shall be deemed to have been financed proportionately by application of amounts relating to more than one Series to the extent that such Loan has been financed by application of amounts in more than one Program Account.

(B) Subject to the terms and conditions hereof, including delivery of a current Cash Flow Statement, the Agency may refinance Loans (including, without limitation, Loans financed with the proceeds of other obligations of the Agency) through the payment of other indebtedness from amounts on deposit in one or more Program Accounts, and may provide that such Loans (including at the option of the Agency the amount of accrued interest, if any, on such Loans to the date of such transfer) be transferred to the applicable Program Account(s).

(C) Moneys credited to a Program Account shall be deemed to be a part of such Program Account until the check, draft or warrant issued by the Trustee is certified or otherwise paid. If for any reason the Agency should decide prior to the payment of any item in a requisition to stop payment of such item, the Agency shall file with the Trustee an Officer’s Certificate giving notice of such decision and thereupon the Trustee shall reverse any steps taken prior to such notice toward payment of such items. The Agency shall maintain in the office of the Agency accurate records of all such requisitions, a description of the Loans financed or refinanced pursuant hereto and the purchase price and Principal Amount of such Loans.

(D) Upon receipt of an Officer’s Certificate specifying that moneys in a Program Account are to be credited to the Redemption Account in order to effect the redemption of Bonds, the Trustee shall credit such moneys to the Redemption Account for said purpose.

(E) In the event that there are amounts remaining in a Program Account on the date three years after the date of issuance of the Bonds of the Series for which any such Account was established, or such earlier or later date as may be provided herein or in the applicable Series Indenture, the Trustee shall transfer to the Redemption Account any Bond proceeds in such Program Account (excluding amounts reserved for the payment of Capitalized Interest and Costs of Issuance, unless otherwise directed by the Agency) not reserved for the financing of Loans; and shall also transfer to the Redemption Account any amount remaining on deposit in such Program Account which had been deposited to pay Capitalized Interest and will not be required for such purpose; provided, however, that such date of transfer may be extended to such date as may be specified in an Officer’s Certificate (i) if such Officer’s Certificate includes a current Cash Flow Statement and (ii) if such Officer’s Certificate is accompanied by a Counsel’s Opinion to the effect that such extension will not adversely effect the exclusion of interest on the

Bonds from gross income for federal income tax purposes (in the case of Bonds the interest on which is intended to be so excluded) or the exemption of interest on the Bonds from State of California personal income taxes.

(F) Notwithstanding any of the foregoing provisions of this Section, upon receipt of an Officer's Certificate pursuant to Section 506(3), the Trustee shall charge each Program Account and credit to the Bond Account the respective amount specified by such certificate.

(G) A Series Indenture may, but is not required to, provide that a portion of the moneys credited to the applicable Program Account shall be expended for Costs of Issuance of the Bonds and for no other purpose, upon requisition signed by an Authorized Officer stating the amount and purpose of any such payment. On or after the receipt by the Trustee of an Officer's Certificate stating that all Costs of Issuance for a Series of Bonds have been paid, the Trustee shall retain the amount remaining, if any, in the applicable Program Account to be used to finance Loans or for any other purpose permitted pursuant to this Exhibit A.

(H) A Series Indenture may, but is not required to, provide that a portion of the moneys in the applicable Program Account shall be charged to such Program Account and credited to the Bond Account for the payment of Capitalized Interest in the amounts and at the times specified in such Series Indenture. To the extent specified in such Series Indenture, and until the moneys reserved for such Capitalized Interest have been exhausted, the Trustee shall, at least three days prior to each Interest Payment Date of a Series of Bonds for which Capitalized Interest has been reserved, charge such Program Account and deposit in the Bond Account interest payable on such Series of Bonds on such Interest Payment Date.

(I) No amount shall be charged against any Program Account except as expressly provided in this Article or in Section 512.

ARTICLE V

APPLICATION OF REVENUES AND OTHER MONEYS

Section 501 Pledge of Revenues, Funds and Accounts. The pledge hereby made and the security interest hereby granted shall attach, be perfected and be valid and binding from and after the time of the delivery by the Trustee of the initial Series of Bonds without any further action on the part of the Agency. The proceeds of the sale of the Bonds, Revenues, Loans financed hereunder, and all Accounts and moneys and securities therein so pledged and then or thereafter received by the Agency or the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Agency or any Fiduciary irrespective of whether such parties have notice thereof.

Section 502 Establishment of Accounts. The Agency hereby establishes and creates the following Accounts with respect to all Bonds other than Non-Parity Bonds:

- (1) Revenue Account;

- (2) Bond Account;
- (3) Bond Reserve Account
- (4) Redemption Account; and
- (5) Acquired Development Account.

Program Accounts and Loan Reserve Accounts may be established and created as provided in Sections 402 and 508, respectively, and other Accounts may be established by any Series Indenture or an Officer's Certificate as deemed advisable by the Agency.

Notwithstanding any provision herein to the contrary, except as otherwise provided in a Series Indenture, the funds and accounts described in these Sections 502 through 512 shall not apply to and shall not be used with respect to Non-Parity Bonds. Pursuant to Section 206(B), the Series Indenture or Supplemental Indenture designating Bonds as Non-Parity Bonds shall provide for the establishment of separate funds and accounts and directions as to investment of moneys for such Non-Parity Bonds.

Section 503 Deposit of Revenues. From and after the time of delivery by the Trustee of the initial Series of Bonds delivered under this Exhibit A, all Revenues collected or received by the Agency shall be deemed to be held, and to have been collected or received, by the Agency as the agent of the Trustee and shall be promptly deposited by the Agency to the Trustee. All Revenues shall be credited by the Trustee upon the receipt thereof to the Revenue Account; except that (1) Loan Principal Prepayments shall be credited as provided in Section 510; (2) income earned on amounts in any Bond Reserve Account shall be credited to the Revenue Account, subject to the provisions of the Act in effect at the time; (3) income earned on amounts in a Program Account may, upon the request of the Agency in an Officer's Certificate, be retained in such Program Account; (4) Acquired Development Receipts shall be credited to the Acquired Development Account; (5) Risk Sharing Insurance Payments shall be credited to the Redemption Account; and (6) an amount of interest received with respect to an Investment Obligation equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Obligation shall be credited to the Account from which such accrued interest was paid. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee solely as provided in this Exhibit A.

Section 504 Periodic Application of Revenue Account. From and after the time of delivery by the Trustee of the initial Series of Bonds, the Trustee, on or before each Interest Payment Date, shall, out of any moneys in the Revenue Account, credit the following accounts or make the following payments, but only to the extent moneys in the Revenue Account are then available and only within the limitations hereinafter indicated with respect thereto and only after the required payment within such limitation into every Account prior in order in the following enumeration:

First: To the Bond Account, to the extent necessary to increase the amount therein so that it equals the sum on such day of (a) the Interest Requirement for all Series having Bonds then Outstanding (when added to amounts to be charged to the Program Accounts to pay

Capitalized Interest) and (b) the Principal Requirement for all Series having Bonds then Outstanding;

Second: To the Bond Reserve Account, to the extent necessary to increase the amount therein to the Bond Reserve Account Requirement;

Third: To pay any Trustee, Paying Agent and Credit Provider fees and charges then due and payable, any Agency administrative fees then due and payable, and any fees and expenses of any tender agent, remarketing agent or other fiduciary in connection with the Bonds, and, as directed by an Officer's Certificate, to make the Required Rebate Deposit pursuant to any Tax Certificate;

Fourth: To each Loan Reserve Account, to the extent necessary to increase the amount therein to the Loan Reserve Account Requirement for the Series for which such Account was created (and if the amount available is less than the amount needed, the amount transferred to each such account shall be in proportion to the Principal Amount of the Series for which such Account was established);

Fifth: To the Redemption Account to the extent necessary to increase the sum of amounts in the Program Accounts (including the aggregate Principal Balance of all Loans), the Bond Reserve Accounts, the Loan Reserve Accounts, the Bond Account (to the extent to be used to pay Principal Installments) and the Redemption Account, plus the present value (discounted at the Bond yield of the respective Series) of any additional Revenues pledged by the Agency under any Series Indentures, to an amount equal to any amount required by any agreement between the Agency and any Credit Provider; provided, however, that if and to the extent requested by the Agency in an Officer's Certificate, any amount to be credited under this paragraph shall be credited to one or more Program Accounts as the Agency may select; and

Sixth: If requested by the Agency upon delivery of a current Cash Flow Statement, to the Agency, and subject to any additional terms or conditions as may be set forth in any Series Indenture or Supplemental Indenture, free and clear of the lien of this Exhibit A, or to the Redemption Account, as directed by the Agency.

Section 505 Application of Bond Account. (A) The Trustee shall charge the Bond Account, on or prior to each Interest Payment Date, an amount equal to the unpaid Principal Installments and interest due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and Principal Installments when due or to reimburse any Credit Provider which has advanced funds to pay such interest and/or Principal Installments. The Trustee is hereby authorized to withdraw funds from the Bond Account and transmit funds to the Paying Agents in order to make such payments.

(B) When the amount in the Bond Account is greater than the amount required therein, any excess amount shall either be retained in such account or, upon the request of the Agency in an Officer's Certificate, be credited to the Revenue Account.

(C) All charges to the Bond Account under the provisions of paragraph (A) of this Section shall be made not earlier than three days prior to the Interest Payment Date to which they relate, and the amount so charged shall, for the purposes hereof, be deemed to remain in and

be part of the Bond Account until such Interest Payment Date. Any charges made to the Bond Account relating to reimbursement of amounts payable to any Credit Provider shall be made from a separate subaccount.

(D) On each Interest Payment Date, the Trustee shall apply the Sinking Fund Installments, if any, required on that date to the redemption (or payment at maturity, as the case may be) of the applicable Term Bonds (or to reimburse any Credit Provider which has advanced funds to make such redemption or payment) upon the notice and in the manner provided in Article VIII. Upon the redemption of Term Bonds (or the reimbursement of advances made by Credit Provider to redeem or pay Term Bonds) with moneys in the Redemption Account, the Principal Amount of such Term Bonds shall be credited against remaining applicable Sinking Fund Installments as specified by the Agency in an Officer's Certificate or, in the event the Agency has not so specified the Sinking Fund Installments to be credited, as provided in Section 509(D), treating Sinking Fund Installments as if they were maturities. If at any date there shall be credited to the Bond Account any moneys set aside for the payment of a Sinking Fund Installment and there shall be Outstanding none of the Bonds for which such moneys were set aside, such moneys shall be charged to the Bond Account by the Trustee and credited to the Revenue Account.

(E) At any time prior to giving notice of redemption as provided in paragraph (D) of this Section, the Trustee may, and upon the request of the Agency in an Officer's Certificate shall, apply moneys in the Bond Account or the Revenue Account, in an amount not in excess of such Sinking Fund Installments, if any, to the purchase of the applicable Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as the Trustee may in its discretion determine, except that the purchase price (excluding accrued interest) shall not exceed the Redemption Prices that would be payable for such Bonds upon redemption by application of such Sinking Fund Installments. Subject to applicable law, and notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Account equal to the Redemption Price of Bonds to be redeemed on a given date shall be less than the interest accruing on the Bonds to be redeemed on such date, then the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the applicable Series Indenture, if an Officer's Certificate is filed with the Trustee certifying that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date.

If, (1) during the period preceding an Interest Payment Date the Trustee purchases applicable Term Bonds with moneys in the Revenue Account or Bond Account, or (2) during said period and prior to giving the notice of redemption for Bonds to be redeemed from Sinking Fund Installments on such date the Agency otherwise deposits applicable Term Bonds with the Trustee (together with an Officer's Certificate requesting the Trustee to apply such Bonds so deposited to the applicable Sinking Fund Installments due on said date), the amount of Bonds so purchased or deposited shall be credited at the time of such purchase or deposit, to the extent of the full Principal Amount thereof, to reduce such Sinking Fund Installments.

(F) No amount shall be charged against the Bond Account except as expressly provided in this Article V or in Section 1201.

Section 506 Deficiencies in Bond Account. In the event that the amount credited to the Bond Account on or before any Interest Payment Date is insufficient to pay the interest and Principal Installments on the Bonds due on such Interest Payment Date, the Trustee shall credit to the Bond Account the amount of such deficiency, after the charges and credits required by Section 504, by charging the following Accounts in the following order of priority: (1) the Revenue Account; (2) the Redemption Account, except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding hereunder; (3) the Program Accounts if and to the extent requested by the Agency in an Officer's Certificate; (4) the Loan Reserve Accounts, to the extent provided in Section 508; and (5) the Bond Reserve Account, to the extent provided in Section 507.

Section 507 Application of Bond Reserve Account.

(A) If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from any other Accounts in accordance with Section 506 is not sufficient to make up such deficiency, the Trustee shall charge the Bond Reserve Account and credit the Bond Account the amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of the Bond Reserve Account.

(B) From time to time, when the amount in the Bond Reserve Account is greater than its Bond Reserve Account Requirement, any excess amount shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, be credited to the Redemption Account or the Revenue Account, as the Agency may request.

(C) No amount shall be charged against the Bond Reserve Account except as expressly provided in this Article V or to pay interest or Principal Installments on the Bonds in accordance with their terms as the same become due.

(D) The amount of coverage provided under any letter of credit, surety bond or other facility on deposit in the Bond Reserve Account shall be included in calculating the amount credited to such Account.

Section 508 Establishment and Application of Loan Reserve Accounts.

(A) With respect to any Series of Bonds the Agency may, by Series Indenture, establish a separate trust Account to be held by the Trustee designated "—Loan Reserve Account" (inserting therein the Series designation of such Bonds).

(B) If, for a Series of Bonds with respect to which a Loan Reserve Account has been established, at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds of such Series, and in the event that the amount credited from any other Accounts (except the Bond Reserve Account) in accordance with Section 506 is not sufficient to make up such deficiency, the Trustee shall charge the Loan Reserve Account for such Series and credit the Bond Account the

amount of the deficiency then remaining. The Trustee shall immediately notify the Agency in writing of any such charge of any Loan Reserve Account.

(C) If at any time the Agency shall file with the Trustee an Officer's Certificate in the form required by paragraph (D) of this Section, the Trustee shall charge the applicable Loan Reserve Account the amount of, and pay, the Loan Expenses specified in such Certificate, provided that following any such use there should be compliance with all of the terms, conditions and covenants hereof.

(D) Payments from any Loan Reserve Account for Loan Expenses shall be made upon the filing with the Trustee of an Officer's Certificate stating, with respect to each such payment: (1) the Development with respect to which such payment is being made, (2) the person to whom payment is being made, (3) the amount to be paid, (4) the purpose for which such payment is to be made, and (5) that the payment of such certificate is a valid charge upon the Loan Reserve Account of such Series.

(E) From time to time, when the amount in any Loan Reserve Account is greater than its Loan Reserve Account Requirement, any excess amount shall either be retained in such Account or, upon request of the Agency in an Officer's Certificate, be credited to the Redemption Account or the Revenue Account, as the Agency may request.

(F) No amount shall be charged against any Loan Reserve Account except as expressly provided in this Article V or in a Series Indenture or to pay Principal Installments of or interest on Bonds in accordance with their terms as the same become due.

(G) The amount of coverage provided under any letter of credit, surety bond or other facility on deposit in any Loan Reserve Account shall be included in calculating the amount credited to such Account.

Section 509 Application of Redemption Account. (A) Any moneys credited to the Redemption Account and not otherwise restricted shall be applied to the purchase or the redemption of Bonds as provided in this Section. Any Risk Sharing Insurance Payments that are not applied within thirty (30) days after receipt by the Agency (or such longer or shorter period as may be required pursuant to the Risk Sharing Act) to the redemption of Bonds shall be deemed to be Risk Sharing Reimbursements and shall then be withdrawn from the lien of this Exhibit A and applied at the direction of an Officer's Certificate in accordance with the Risk Sharing Act.

(B) Upon receipt of the Officer's Certificate referred to in paragraph (D) of this Section, the Trustee shall apply moneys in the Redemption Account to the purchase of the Bonds designated in such Officer's Certificate at the most advantageous price obtainable with due diligence, such price (calculated excluding accrued interest but including any brokerage or other charges) not to exceed the Redemption Price of such Bonds applicable on the next ensuing redemption date for such Bonds. Subject to applicable law, and notwithstanding the maximum purchase price set forth in the preceding sentence, if at any time the investment earnings on the moneys in the Revenue Account equal to the Redemption Price of Bonds to be redeemed on a given date shall be less than the interest accruing on the Bonds to be redeemed on such date, then

the Trustee may pay a purchase price for any such Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Bond under the provisions of the applicable Series Indenture, if an Officer's Certificate is filed with the Trustee certifying that the amount paid in excess of said Redemption Price is expected to be less than the interest which is expected to accrue on said Bond less any investment earnings on such available moneys during the period from the settlement date of the proposed purchase to the redemption date. Bonds not so purchased may be redeemed at a Redemption Price designated at the time and in the manner provided in Article VII. Charges to the Redemption Account for Bonds purchased pursuant to this paragraph (B) may be made at any time except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding hereunder.

(C) If at any time there shall not be a sufficient amount credited to the Bond Account to pay interest or Principal Installments then becoming due on the Bonds, and in the event that the amount credited from any other Accounts (except the Bond Reserve Account, the Loan Reserve Accounts and the Program Accounts) in accordance with Section 506 is not sufficient to make up such deficiency, the Trustee shall charge the Redemption Account and credit the Bond Account the amount of the deficiency then remaining, except that no such charge to the Redemption Account shall be made from moneys to be used to effect a redemption for which notice of redemption has been provided for with respect to Bonds which are no longer Outstanding hereunder.

(D) Bonds shall be purchased or redeemed by the Trustee with moneys credited to the Redemption Account upon receipt by the Trustee of an Officer's Certificate (which Officer's Certificate shall be delivered within ten (10) days after receipt by the Agency of any moneys representing Risk Sharing Insurance Payments, or such longer or shorter period as may be appropriate in order for the Agency to comply with the Risk Sharing Act) determining or certifying the following:

- (1) The Series of Bonds to be purchased or redeemed;
- (2) The maturities and tenors within such Series from which Bonds are to be purchased or redeemed;
- (3) The Principal Amount of Bonds within such maturities and tenors to be purchased or redeemed;
- (4) If any of the Bonds to be purchased or redeemed are Term Bonds, the years in which Sinking Fund Installments are to be reduced and the amount by which the Sinking Fund Installments so determined are to be reduced, provided that the aggregate amount of such reductions in Sinking Fund Installments shall equal the aggregate Principal Amount of Term Bonds to be purchased or redeemed;
- (5) That upon purchase or redemption of Bonds pursuant to such Officer's Certificate, the Agency will be in compliance with its covenant contained in Section 604; and

(6) The amount and source of funding for any Risk Sharing Reimbursement as may be required to be repaid to HUD.

Any Bonds purchased or redeemed by the Trustee in accordance with the provisions hereof shall be cancelled by the Trustee.

(E) Notwithstanding paragraph (D) of this Section, the Trustee shall purchase or redeem Bonds with any moneys that have been credited to the Redemption Account for a period exceeding six months. The Trustee shall determine the amount of any particular Series, maturity and tenor of Bonds to be so purchased or redeemed as nearly as practicable (given the authorized denominations of each Series) so that moneys derived from the proceeds of any particular Series of Bonds or from the use or investment thereof shall be used to redeem such Series of Bonds and so that the same proportion of the amount Outstanding of each maturity of such Series of Bonds shall be selected for redemption. The Trustee shall promptly notify the Agency in writing of the Bonds or portions thereof selected for redemption.

(F) No amount shall be charged against the Redemption Account except as expressly provided in this Article V.

Section 510 Application of Loan Principal Prepayments. Loan Principal Prepayments shall be credited to the Redemption Account, unless the Agency files with the Trustee an Officer's Certificate, including a Cash Flow Statement, directing the Trustee to credit all or any specified portion of such Loan Principal Prepayments to a Program Account and stating that crediting such Loan Principal Prepayments to such Program Account will have no material adverse impact on the Agency's ability to pay Principal Installments or interest on the Bonds Outstanding when due, or stating that after such crediting, Revenues to be derived from Loans then pledged under this Exhibit A together with Revenues to be derived from the investment of moneys in the Accounts will be sufficient to pay Principal Installments and interest on Bonds Outstanding when due.

No Loan shall be financed from moneys attributable to Loan Principal Prepayments if such Loan has a final principal maturity date beyond the final Principal Installment Date of the Series of Bonds to which such Loan Principal Prepayments are attributable unless the Agency files with the Trustee an Officer's Certificate, including a Cash Flow Statement, stating that such financing has no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on Bonds Outstanding at the time such Loan is financed or unless after such financing Revenues then pledged under this Exhibit A will be sufficient to pay Principal Installments and interest on Bonds Outstanding when due.

Section 511 Application of Acquired Development Account. (A) If at any time the Trustee shall receive an Officer's Certificate in the form required by paragraph (B) of this Section, the Trustee shall charge the Acquired Development Account and pay the costs or expenses incurred in connection with an Acquired Development as specified in such certificate.

(B) Payments from the Acquired Development Account shall be made upon filing with the Trustee of an Officer's Certificate stating, with respect to each payment, (1) the item number of the payment, (2) the Acquired Development with respect to which payment is

being made, (3) the name of the person to whom payment is to be made, (4) the amount to be paid, and (5) 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 that Acquired Development, does not exceed such Acquired Development Expense Requirement.

(C) When the amount in the Acquired Development Account is greater than the Acquired Development Expense Requirement, the excess amount shall be charged to such Account and credited to the Revenue Account.

Section 512 Investment of Funds. (A) Subject to the provisions of any Series Indenture, the moneys held by a Fiduciary 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 Fiduciary holding the same in Investment Obligations.

(B) Amounts held in the Bond Account and the Redemption Account shall be invested in Investment Obligations maturing on or prior to the dated when needed. Investment Obligations representing an investment of moneys attributable to any Account shall be deemed at all times to be a part of said Account. Such investments shall be sold at the best price obtainable whenever it shall be necessary to do so 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 no Fiduciary shall be liable or responsible for any loss resulting from any investment made in accordance herewith.

In computing for any purpose hereunder the amount in any Account (other than the Bond Reserve Account and the Loan Reserve Accounts) on any date, obligations credited to such Account 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 Account or any Loan Reserve Account, obligations credited to such Account 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 (1) in the case of obligations purchased at a premium, by deducting the product thus obtained from the purchase price, and (2) in the case of obligations purchased at a discount, by adding the product thus obtained to the purchase price.

ARTICLE VI

PARTICULAR COVENANTS OF AGENCY

Section 601 Payment of Bonds. Subject to the other provisions of this Exhibit A, 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, 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 to the Bond Account pursuant to any provision hereof.

Section 602 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 with respect to its activities under this Exhibit A or upon any Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to such activities, and shall not create or suffer to be created any lien or charge upon the Revenues or Loans or the Accounts created pursuant to this Exhibit A and the moneys and securities therein except the pledge, security interest and lien created hereby for the payment of the Secured Obligations.

Section 603 Tax Covenants. If and to the extent interest on the Bonds of any Series is intended to be excluded from gross income for federal income tax purposes, the Series Indenture for such Series may contain such covenants of the Agency and the Trustee as shall be appropriate to assure such exclusion from gross income.

Section 604 Purchase and Redemption of Bonds. The Agency shall not cause any Bonds to be purchased or redeemed other than pursuant to Sinking Fund Installments unless such purchase or redemption has no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on the Bonds Outstanding (and to reimburse any Credit Provider for advances made to pay such Principal Installments and/or interest) or unless after such purchase or redemption, Revenues then pledged under this Exhibit A will be sufficient to pay the Secured Obligations.

Section 605 Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall 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 606 Program Covenants. (A) The Agency shall finance Loans, and shall do all acts and things necessary to obtain, receive and collect Revenues in such manner as is consistent with the Act and with sound lending practices and principles.

(B) No Loan shall be financed by the Agency from the proceeds of Bonds unless it complies with the terms, conditions, provisions and limitations specified by the Series Indenture or Supplemental Indenture with respect to such Loan and the related Borrower, Development and Loan Documents.

(C) The Agency may consent to a modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal of or interest on, any Loan or the security for or any terms or provisions of any Note or Deed of Trust unless such modification materially adversely affects the ability of the Agency to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable

insurance. Any such modification shall be accompanied by (i) a certification of the Agency that, in the reasonable business judgment of the Agency, such modification is not expected to materially adversely affect the ability of the Agency to pay the Principal Installments and interest on the Bonds Outstanding or to realize the benefits of any applicable insurance, or (ii) a Cash Flow Statement.

(D) The Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs.

Section 607 Disposition of Defaulted Loans.

(A) In the event that a Loan becomes a Defaulted Loan, the Agency shall promptly certify to the Trustee the Agency loan number of such Defaulted Loan, the nature and duration of the Loan default(s), the amount of any payments with respect to such Loan then due and unpaid, the unpaid Principal Amount of the Loan, and any other information reasonably requested by the Trustee.

(B) The Agency shall take all steps, actions and proceedings reasonably necessary to recover the balance due and to become due on a Defaulted Loan or to realize the benefit of any insurance of such Loan or guarantee thereof, including but not limited to the prompt filing of notices of default, claims payment and extensions for filing claims with HUD pursuant to the Risk Sharing Act. Any Series Indenture may provide for the disposition of particular Defaulted Loans (including their assignment to FHA) in connection with the realization of the benefits of any insurance.

Section 608 Disposition of Loans. The Agency may not sell or otherwise transfer a Loan unless such sale or transfer has no material adverse impact on the ability of the Agency to pay Principal Installments of and interest on the Bonds (and to reimburse any Credit Provider for advances made to pay such Principal Installments and/or interest) when due or unless after such sale or transfer Revenues then pledged under this Exhibit A will be sufficient to pay the Secured Obligations when due. The Agency may dispose of any Borrower Loan in exchange for a Mortgage-Backed Security relating to such Loan.

Section 609 Assignment of Loans upon Event of Default. Upon the happening of an Event of Default specified in Section 1002 and at the written request of the Trustee or of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Outstanding Bonds (excluding Non-Parity Bonds), the Agency shall assign and deliver any or all of the Loans held by the Agency to the Trustee; provided, however, if the Trustee and the Bondholders are restored to their positions in accordance with Section 1015, the Trustee shall assign and deliver such Loans back to the Agency.

Section 610 Extension of Payment of Bonds. 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 claims for interest by the purchase or funding of such Bonds, 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 claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default hereunder to the benefit hereof 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 or pursuant hereto) 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 claims for interest.

Section 611 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, the trust estate or other security for the Bonds, prior to or on a parity with the lien of this Exhibit A, except that, subject to any additional terms or conditions as may be set forth in any Series Indenture or Supplemental Indenture, additional Series of Bonds may be issued from time to time pursuant to a Series Indenture, or Non-Parity Bonds may be converted to parity status pursuant to a supplement or amendment to the Series Indenture or Supplemental Indenture pursuant to which such Bonds were designated as Non-Parity Bonds, subsequent to the issuance of the initial Series of Bonds under this Exhibit A, on a parity with Bonds previously issued and secured by an equal charge and lien on the Revenues or other security for the Bonds, except as otherwise provided herein, and payable equally and ratably from the Accounts established and created pursuant hereto, except as otherwise provided herein, for one or more of the purposes set forth herein.

(B) No additional Series of Bonds shall be issued, nor shall any Non-Parity Bonds be converted to parity status hereunder, subsequent to the issuance of the initial Series of Bonds hereunder 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 exceed in aggregate Principal Amount any limitation thereon imposed by law;

(2) at the time of the issuance and delivery of the additional Series of Bonds, other than Refunding Bonds, and the application of the proceeds thereof, there shall be no deficiency in any Accounts created hereby and the amount in the Bond Reserve Account shall not be less than the Bond Reserve Account Requirement and the amount in each Loan Reserve Account shall be not less than its Loan Reserve Account Requirement;

(3) the Agency shall have delivered to the Trustee a current Cash Flow Statement reflecting the issuance of such Series of Bonds; and

(4) the Agency shall have received, from each Rating Agency, evidence that the issuance of such Series will not result in the reduction, suspension or withdrawal of the rating then assigned to any of the Series then having Bonds Outstanding.

(C) The Agency expressly reserves the right to adopt one or more general or special bond resolutions or to enter into one or more other indentures for any of its corporate

purposes 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. Specifically, but without limiting the foregoing, the Agency expressly reserves the right to authorize and issue bonds, notes, warrants, certificates or other obligations or evidences of indebtedness (including Non-Parity Bonds issued under this Exhibit A, to which the requirements of this Section 611 shall not apply) which as to principal or interest, or both, (1) are payable from Revenues after and subordinate to the payment from Revenues of the Secured Obligations, or (2) are payable from moneys which are not Revenues as such term is defined in this Exhibit A.

(D) The Agency shall not enter into any agreement with a Credit Provider pursuant to which payments from the Agency may be secured on a parity with the Bonds if doing so would result in the reduction, suspension or withdrawal of the rating then assigned to any Bonds then Outstanding.

Section 612 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 and enter into such further agreements as may be necessary or desirable for the better assuring, conveying, granting, assigning or confirming all and singular the pledge of and grant of a security interest in the Revenues, the proceeds of the Bonds, the Loans and the Accounts hereby pledged or granted, or intended so to be, or which the Agency may hereafter become bound to pledge or grant.

Section 613 Powers as to Bonds and Pledge; Limited Obligation. The Agency is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Exhibit A and to pledge and grant a security interest in the Revenues, the proceeds of the Bonds, the Loans and the Accounts purported to be pledged hereby in the manner and to the extent provided herein. The Revenues, the proceeds of the sale of the Bonds, the Loans and the Accounts so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and grant created hereby, and all corporate action on the part of the Agency to that end has been duly and validly taken. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues, the proceeds of the sale of the Bonds, the Loans and the Accounts so pledged hereunder and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

The Bonds are special, limited obligations of the Agency, payable solely from the Revenues and other amounts pledged hereunder. The Bonds are not a debt of the State or of any other political subdivision of the State (other than the Agency, to the extent provided in this Exhibit A), and neither the State nor any other political subdivision of the State will be liable for the payment of the Bonds. The faith and credit of the Agency, the State or of any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds. The Agency has no taxing power.

The Agency may provide in the Series Indenture applicable to any Series of Bonds that such Bonds are and will be the valid and binding general obligations of the Agency in accordance with their terms and the terms hereof.

Section 614 State Pledge. In accordance with the Act, the following pledge is included herein:

The State pledges with the Holders of any Bonds issued under this Exhibit A that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until 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 615 Books and Records. The Agency shall keep and maintain proper books of record and account in which complete and accurate entries will be made of all transactions relating to the Bonds, the Loans and the Accounts. Such books shall be open to inspection at reasonable times by the Trustee, any Credit Provider and any Holders of not less than five percent (5%) in Principal Amount of Bonds (excluding Non-Parity Bonds) then Outstanding.

Section 616 Cash Flow Statement. The Agency will file with the Trustee a current Cash Flow Statement at any time required by this Exhibit A. A Cash Flow Statement shall consist of an Officer's Certificate giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that (x) pledged assets expected to be on deposit in the Accounts maintained hereunder, exclusive of rebatable amounts, in each such Fiscal Year will be at least equal to amounts required hereby to be on deposit in such Accounts for the payment of the principal and Redemption Price of, and interest on, Bonds Outstanding when due (excluding Non-Parity Bonds), all obligations to any Credit Provider and all other expenses to be paid from amounts held hereunder and for the funding of the Bond Reserve Account and any Loan Reserve Accounts to their respective Requirements, except that, to the extent specified in a Series Indenture, an Account established in such Series Indenture shall not be taken into account when preparing the Cash Flow Statement; and (y) and the aggregate of the amounts on deposit in all Accounts hereunder (excluding Rebatable Arbitrage), plus the aggregate principal balances of all Loans and Mortgage-Backed Securities, shall at least equal the sum of the aggregate principal amount of the Bonds Outstanding plus accrued interest.

The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, and, after filing any Cash Flow Statement, the Agency shall administer the Program and perform its obligations under this Exhibit A in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement that are the most financially conservative. Any Cash Flow Statement shall assume that all amounts held under this Exhibit A with respect to which an investment arrangement is not in effect that guarantees a certain rate or rates are invested at a rate that does not exceed the then prevailing savings passbook rate in the State.

ARTICLE VII

REDEMPTION OF BONDS

Section 701 Privileges of Redemption and Redemption Prices. The Bonds of any Series shall be subject to redemption by or on behalf of the Agency prior to maturity upon notice as provided in this Article and, with respect to redemption other than by means of Sinking Fund Installments, upon receipt by the Trustee of the Officer's Certificate described in Section 509, 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 specified in the Series Indenture providing for the issuance of such Series and referred to in said Bonds, in accordance with the provisions hereof, and in all cases at a price equal to the Redemption Price of each Bond or portion thereof, together with interest accrued to the redemption date. If less than all of the Bonds of any Series of like maturity and tenor then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot or in such other manner as the Trustee may determine to be fair.

Section 702 Selection of Bonds to Be Redeemed by Lot. In the event of redemption by lot of Bonds of like Series, maturity and tenor, the Trustee shall assign to each Bond of such Series, maturity and tenor then Outstanding a distinctive number for each minimum denomination amount of the Principal Amount of such Bond and shall select by lot, using such method of selection as the Trustee shall deem proper in its sole discretion and from the numbers so assigned to such Bonds, as many numbers as, at the minimum denomination amount for each number, shall equal the Principal Amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the Principal Amount of each such Bond of a denomination of more than the minimum denomination amount shall be redeemed as shall equal the minimum denomination amount for each number assigned to it and so selected. For the purposes 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 hereof, select the Bonds to be redeemed and shall give notice, in the name of the Agency, of the redemption of Bonds. Each such notice shall state the date of such notice, the complete official name of the Bonds (including Series designation) to be redeemed, the Issue Date, maturity dates, interest rates and CUSIP numbers (if any) of such Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee or the Paying Agent) and, if less than all of the Bonds of any Series are being redeemed, the numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall further state that on the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the portion of the principal thereof to be redeemed in the case of a 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. Each such notice may state that such notice may be rescinded.

Notwithstanding the foregoing, any Series Indenture may provide for different terms of redemption notices with respect to the Bonds issued thereunder.

Such notice shall be given by mailing a copy of such notice, postage prepaid, not less than three (3) days nor more than ninety (90) days before such redemption date, (1) by first class mail to the registered owner of any Bond all or a portion of which is to be redeemed, at such owner's last address, if any, appearing upon the registry books; and (2) by certified mail, return receipt requested, (i) upon written request of any registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of any Series of Bonds, each such request directed to the Trustee, (ii) to two or more Information Services, as defined below, (iii) to the Securities Depositories, as defined below, and (iv) to each Credit Provider. A second notice shall be given by certified mail, return receipt requested, to any registered owner of Bonds being redeemed if such registered owner has not surrendered such bonds for redemption on or before the date sixty (60) days after the date fixed for redemption.

Failure by the Trustee to give any notice pursuant to this Section by certified mail as described above, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

As used in this Section, (a) "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate; and (b) "Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 277-4039 or 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or such other addresses and/or such other securities depositories as the Agency may designate.

Notwithstanding the foregoing, any Series Indenture may provide for different notice requirements with respect to redemptions of Bonds of the Series issued pursuant to such Series Indenture.

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-five (45) 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 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 Bond or portions thereof accrued to such date, and, upon presentation and surrender thereof, at the place or places specified in said notice, together with a written instrument of transfer duly executed by the registered owner thereof or by attorney duly authorized in writing, said Bonds or portions thereof shall be paid at the Redemption Prices plus unpaid interest on said Bonds or portions thereof accrued to such date. If there shall be so called for redemption less than all of a Bond, the Agency shall execute and cause to be delivered, upon the surrender of such Bond to the Trustee, without charge by the Agency or the Trustee to the owner thereof, for the unredeemed balance of the Principal Amount of the Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on such redemption date, moneys for the redemption of all the Bonds or portions thereof of any like 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 given as aforesaid, then from and after such redemption date interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and shall become payable, and said Bonds 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 Holders of the Bonds so to be redeemed.

ARTICLE VIII

SERIES INDENTURES AND SUPPLEMENTAL INDENTURES

Section 801 Supplemental Indentures Effective upon Execution. For any one or more of the following purposes and at any time or from time to time, a Series Indenture or Supplemental Indenture may be entered into by the Agency and the Trustee which Series Indenture or Supplemental Indenture, upon the execution and delivery thereof by an Authorized Officer of the Agency and by the Trustee, and without the consent of any Credit Provider or of the Bondholders, shall be fully effective in accordance with its terms:

(A) To provide for the issuance of a Series of Bonds and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed which are not contrary to or inconsistent with this Exhibit A as theretofore in effect;

(B) To close this Exhibit A against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the issuance of future Bonds, or of other notes, bonds, obligations or evidences of indebtedness pursuant hereto;

(C) To add to the covenants or agreements of the Agency herein contained other covenants or agreements to be observed by the Agency which are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

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

(E) To surrender any right, power or privilege reserved to or conferred upon the Agency herein, 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 herein;

(F) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Exhibit A, of the Revenues or any other moneys, securities or funds;

(G) To appoint a successor Fiduciary;

(H) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision herein;

(I) To insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not materially adverse to the interests of the Bondholders or any of the Credit Providers;

(J) To provide for the issuance of bearer Bonds or coupon Bonds, registrable as to principal, subject to any applicable requirements of law;

(K) To provide for the issuance of book entry form Bonds or to modify the provisions with respect thereto;

(L) To modify, amend or supplement this Exhibit A or any Supplemental Indenture in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended or any similar federal statute hereafter in effect or under any state securities registration or "blue sky" law;

(M) To make any other change which does not materially adversely affect the interests of the Bondholders or any of the Credit Providers;

(N) To make any change affecting only the Bonds of a particular Series in accordance with the Series Indenture or Supplemental Indenture under which the Bonds of such Series are issued;

(O) To make any other change in this Exhibit A, including any change otherwise requiring the consent of Bondholders as provided in Section 902, if such change affects only Bonds which are subject to mandatory or optional tender for purchase and if (i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and (ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least thirty (30) days before the effective date thereof.

Section 802 Supplemental Indentures Effective with Consent of Bondholders. Except as provided by Section 801 hereof, at any time or from time to time, a Supplemental Indenture amending or supplementing this Exhibit A may be entered into by the Agency and the Trustee modifying any of the provisions of this Exhibit A or releasing the Agency from any of the obligations, covenants, agreements, limitations, conditions or restrictions herein contained, but no such Supplemental Indenture shall be effective until the execution and delivery thereof by an Authorized Officer and by the Trustee and, unless no Bonds delivered by the Agency prior to the adoption of such Supplemental Indenture remain Outstanding at the time it becomes effective, such Supplemental Indenture is consented to by each Credit Provider and by or on behalf of Bondholders in accordance with and subject to the provisions of Article IX.

ARTICLE IX

AMENDMENTS

Section 901 Mailing of Notices. 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 to the Trustee, to each Credit Provider and to each registered owner of any Bonds then Outstanding at its last address, if any, appearing upon the registry books.

Section 902 Powers of Amendment. In addition to those amendments to this Exhibit A which are authorized by Article VIII hereof, any modification or amendment of this Exhibit A and of the rights and obligations of the Agency and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture with the written consent of each Credit Provider and the written consent, given as hereinafter provided in Section 903, of the Holders of at least sixty percent (60%) in Principal Amount of the Bonds Outstanding at the time such consent is given; provided, however, that (1) if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor 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 (2) if so provided by the applicable Series Indenture, the consent of the Credit Provider for a Series of Bonds shall be deemed to be the consent of the holders of one hundred percent (100%) in Principal Amount of the Bonds Outstanding of such Series; and provided, further, that no such modification or amendment (i) 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 (ii) shall reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of a lien on the Revenues and other assets pledged under this Exhibit A prior to or on a parity with the lien of this Exhibit A, or deprive the Holders of the Bonds of the lien created by this Exhibit A upon such Revenues and other assets (except as expressly provided in this Exhibit A), without the consent of the Holders of all Bonds then Outstanding.

Section 903 Consent of Bondholders. The Agency and the Trustee may at any time, in accordance with the provisions of Section 802, execute and deliver a Supplemental Indenture 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 Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto (in a form which shall include a statement that any consent of the Bondholder, once filed with the Trustee, shall be irrevocable), shall be mailed by the Trustee to Bondholders (but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as in this Section provided). Such Supplemental Indenture 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 Holders of the percentage of Outstanding Bonds specified in Section 902, and (2) a Counsel's Opinion or opinion of counsel to the Agency stating that such Supplemental Indenture has been duly and lawfully entered into by the Agency in accordance with the provisions of this Exhibit A, is authorized or permitted by the provisions of this Exhibit A and, when effective, will be valid and binding upon the Agency. 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 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. 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). At any time after the Holders of the required percentage of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Agency a written statement that the Holders of such required percentage 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 Supplemental Indenture (which may be referred to as a Supplemental Indenture executed 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 percentage of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Trustee by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section provided). A record, consisting of the papers required or permitted by this Section to be filed with the Trustee and the Agency, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Agency, the Fiduciaries and the Holders of all Bonds on the date specified therein or, if no date is specified, on the date the Trustee has received all consents and the Counsel's Opinion referred to in clauses (1) and (2) above, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced prior to the date on which such Supplemental Indenture is conclusively binding.

Section 904 Modification by Unanimous Consent. Notwithstanding anything contained in Article VIII or in the foregoing provisions of this Article, the terms and provisions hereof and the rights and obligations of the Agency, the Trustee and the Holders of the Bonds thereunder, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Agency and the Trustee making such modification or amendment and upon receipt by the Trustee of the consent to such Supplemental Indenture of each Credit Provider and 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 shall be required if a request to Bondholders for their consent to such Supplemental Indenture has been made as contemplated by Section 903.

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 such 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 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.

Section 907 Additional Contracts or Indentures. The Agency, so far as it may be authorized by law, may and if requested by any Fiduciary shall enter into additional contracts or indentures with any Fiduciary giving effect to any modification or amendment of this Exhibit A as provided in Article VIII or in this Article.

Section 908 Non-Parity Bonds Excluded. The provisions of this Article IX shall not apply to Non-Parity Bonds and Non-Parity Bonds shall be excluded from solicitations for and determinations of Bondholder consent in connection with any amendment or supplement to this Exhibit A except as may be provided with respect to the Series Indenture or Supplemental Indenture designating Bonds as Non-Parity Bonds in such Series Indenture or Supplemental Indenture.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

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 this Exhibit A, the rights, powers and duties in this Article provided in trust for the Bondholders.

Section 1002 Events of Default. Each of the following shall constitute an event of default under this Exhibit A and is herein called "Event of Default":

(1) if interest on any of the Bonds shall not be paid when due, or any Principal Installment or redemption premium, if any, of any of the Bonds shall not be paid when due, whether at maturity or upon call for redemption; or

(2) if a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds or this Exhibit A and such default shall continue for a period of ninety (90) days after written notice to the Agency from the Holders of at least twenty-five percent (25%) of the 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) if there shall have been entered an order or decree, by a court having jurisdiction in the premises, for relief against the Agency in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such order or decree shall have continued unstayed and in effect for a period of sixty (60) consecutive days; or

(4) if there shall have been instituted or commenced by the Agency a voluntary case under any applicable bankruptcy, insolvency, receivership or other similar law now or hereafter in effect, or the Agency shall have consented to the entry of an order for relief against it in any involuntary case under any such law, or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Agency or of any substantial part of its property, or the Agency shall have made an assignment for the benefit of creditors, or failed generally to pay its debts as they become due, or admitted in writing such failure, or shall have taken any action in the furtherance of any such action; or

(5) if the State has limited or altered the rights of the Agency pursuant to the Act, as amended to the date of this Exhibit A, 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 prior to the time such Bonds, together with the interest thereon and 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; or

(6) any other event specified in a Series Indenture.

Section 1003 Enforcement by Trustee. Upon the happening and continuance of an Event of Default described in the preceding Section, the Trustee shall give notice of such Event of Default to each Credit Provider, and 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 may, after notice to the Agency, and, subject to any additional terms or conditions as may be set forth in any Series

Indenture or Supplemental Indenture, upon the written request of any Credit Provider or of the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding shall, proceed to protect and enforce 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 this Exhibit A 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 receive 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, to require the Agency to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder;

(5) by action or suit in equity, to 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 immediately 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 percent (25%) in Principal Amount of the Outstanding Bonds, to annul such declaration and its consequences; provided that a Credit Provider may request acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as accelerated, and may prevent acceleration only if the Credit Facility will be available for payment of principal of and interest on the Bonds as regularly scheduled; provided further that interest shall cease to accrue on the date of such declaration; and provided further that an acceleration of the Bonds as a result of an Event of Default under Section 1002(2) of this Exhibit A shall require the written consent of the Holders of not less than fifty percent (50%) in Principal Amount of the Outstanding Bonds.

In the enforcement of any rights and remedies hereunder, 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 hereof 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 by accepting and holding the Bonds 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 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 necessary 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 this Exhibit A shall be deemed to give power to the Trustee either as such or as attorney in fact of the Bondholders to vote the claims of the Bondholders in any bankruptcy proceeding or to accept or consent to any plan of 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 to give consent on behalf of any Bondholder to any modification or amendment hereof requiring such consent or to any Supplemental Indenture requiring such consent pursuant to the provisions of Article VIII or Article IX.

Section 1006 Action by Trustee. (A) All rights of action hereunder or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings 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 subject to the provisions hereof.

(B) In any action, suit or other proceeding by the Trustee, the fees, counsel fees and expenses of the Trustee shall constitute chargeable 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 accounts of the Agency and all records relating to the Bonds and the Loans 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 this Exhibit A for such period as shall be stated in such demand.

Section 1008 Restriction on Bondholder's Action. (A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision hereof 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, pursuant to the requirements, if any, contained in a Series Indenture or Supplemental Indenture and, if none, written request shall have been made of the Trustee to institute such suit, action or proceeding by any Credit Provider or by the Holders of not less than twenty-five percent (25%) in Principal Amount of the Bonds then Outstanding 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 subject to the provisions hereof.

(B) No Holder of any Bond shall have any right in any manner whatever by its, his or her action to affect, disturb or prejudice the pledge of Revenues and other assets 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 credited by the Trustee to the Revenue Account. Such moneys so credited to the Revenue Account, and all other moneys from time to time credited to the Revenue Account, shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article V.

(B) Subject in all instances to the provisions of Section 1013 hereof, in the event that at any time the moneys credited to the Bond Account 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 as provided in Section 1203) 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 or to reimburse any Credit Provider for amounts advanced for payment thereof; 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 in which they become due and payable, 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, or to reimburse any Credit Provider for amounts advanced for payment thereof.

(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, or to reimburse any Credit Provider for amounts advanced for payment thereof.

Section 1010 Remedies Not Exclusive. No remedy by the terms of this Exhibit A 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 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 1011 Control of Proceedings. In the case of an Event of Default, except as otherwise provided in a Series Indenture or Supplemental Indenture, 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 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 granted or provided herein 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. No claim for interest appertaining to any of the Bonds which 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 this Exhibit A except after the prior payment in full of the principal and Redemption Price of all of the Bonds then due and of all 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 its 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 expressed in such Bond.

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.

Section 1016 Non-Parity Bonds. The provisions of this Article X shall not apply to Non-Parity Bonds, Non-Parity Bonds shall not be included in any determination of whether an Event of Default has occurred hereunder or in exercising remedies upon the occurrence of any such Event of Default, and the Trustee shall not exercise any remedies with respect to any Non-Parity Bonds in the absence of an event of default with respect to such Non-Parity Bonds.

ARTICLE XI

THE FIDUCIARIES

Section 1101 Appointment of Trustee. U.S. Bank National Association, is hereby appointed as Trustee hereunder for the purpose of receiving all moneys which the Agency is required to deposit or cause to be deposited with the Trustee hereunder, to hold in trust, allocate, use and apply the same as provided in this Exhibit A and otherwise to hold all the offices and to perform all the functions and duties provided in this Exhibit A to be held and performed by the Trustee. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Exhibit A. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Exhibit A, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee hereby signifies its acceptance of the duties and obligations imposed upon it by this Exhibit A by executing and delivering this Exhibit A; and by executing and delivering this Exhibit A, the Trustee is deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Exhibit A. No provision of this Exhibit A shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights and powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall perform its functions and duties hereunder on its own behalf as Trustee hereunder.

The Agency and the Trustee shall establish such accounting, notice and other relationships as are necessary to provide for the operation of the accounts and sub-accounts created under or pursuant to Articles IV and V hereof, and the handling of the assets (including Loans) credited thereto in accordance herewith.

Section 1102 Term of Office of Trustee. (A) The Agency may remove the Trustee upon thirty (30) days' prior written notice at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate Principal Amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with paragraph (D) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by Supplemental Indenture.

(B) The Trustee may at any time resign by giving written notice of such resignation to the Agency and each Credit Provider and by giving each Bondholder notice of such resignation by mail. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by Supplemental Indenture.

(C) Any removal or resignation of the Trustee and appointment of a successor Trustee shall not become effective until acceptance of appointment by the successor Trustee and each Credit Facility has been transferred to such successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the Agency, the resigning Trustee, any Credit Provider or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Exhibit A shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless on the request of the Agency or request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Exhibit A, and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Any such successor Trustee shall promptly notify each Credit Provider and Paying Agent of its appointment as Trustee. Upon

acceptance of appointment by a successor Trustee as provided in this paragraph C), the Agency shall mail to each Bondholder a notice of the succession of such Trustee to the trusts hereunder. If the Agency fails to mail such notice within ten (10) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed.

(D) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company doing business and having an office in California, having a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph D), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 1103 Merger or Consolidation. Any company into which the Trustee 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 the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under paragraph (D) of Section 1102, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 1104 Compensation. Subject to the terms of any other contract between the Agency and the Trustee, the Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Exhibit A and reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of their attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Exhibit A. The Agency further agrees, to the extent permitted by law, to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers, functions and duties under this Exhibit A, which are not due to the Trustee's own negligence or willful misconduct.

Section 1105 Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee assumes no responsibility for the correctness of the same, and makes no representation as to the validity or sufficiency of this Exhibit A or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations herein or in the Bonds assigned or imposed. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. Any Fiduciary may become the owner of Bonds with the same rights it would have if it were not such Fiduciary, and, to the extent permitted by law, 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 Bondholders, whether or not such committee shall represent the Holders of a majority in Principal Amount of the Bonds then Outstanding.

Section 1106 Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, 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. The Trustee may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto satisfactorily established if disputed.

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

Section 1107 Preservation and Inspection of Documents, Reports. All documents received by the Trustee under the provisions of this Exhibit A shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Agency, any Credit Provider and the holders of at least five percent (5%) in Principal Amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions. Promptly after request therefor by the Agency, any Credit Provider or such Bondholders, or their agents and representatives duly authorized in writing, the Trustee shall furnish a written report in reasonable detail of the amount and description of any or all funds or investments held by it under this Exhibit A.

Section 1108 Paying Agents. (A) The Trustee is hereby appointed to act as Paying Agent for the Bonds. The Agency may, at any time or from time to time, by Series Indenture or an Officer's Certificate, appoint one or more additional or replacement Paying Agents for one or more Series of the Bonds. Each Paying Agent shall be a bank, trust company or national banking association doing business and having its principal office in the States of California, Illinois or New York, having trust powers and having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it hereby. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereby by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Trustee shall enter into such arrangements with any such Paying Agent as shall be necessary and desirable to enable such Paying Agent to carry out the duties of its office. The Agency may remove any Paying Agent at any time by giving written notice of such removal to

such Paying Agent and to the Trustee. Any Paying Agent may at any time resign by mailing notice of such resignation to the Agency, the Trustee, the Bondholders and any related Credit Provider. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, transfer, assign and deliver any moneys held by it to its successor or, if there be no successor then appointed, to the Trustee. The Trustee shall mail prompt notice to the Bondholders and the Credit Providers of the acceptance of appointment by any successor Paying Agent. Any Paying Agent appointed under the provisions of this Section shall satisfy the criteria for eligibility set forth in this paragraph (A) with respect to an original appointment as a Paying Agent.

(B) The Agency shall maintain Paying Agents for each Series of Bonds in such places as may be specified by the applicable Series Indenture.

(C) Any company into which any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which any Paying Agent shall be a party or any company to which such Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company is qualified to be a successor to such Paying Agent under paragraph (A) of this Section and shall be authorized by law to perform all the duties imposed upon it hereby, shall be the successor to such Paying Agent without the execution or filing of any paper or the performance of any further act.

Section 1109 Non-Parity Bonds. Except to the extent specified in the Series Indenture or Supplemental Indenture designating Bonds as Non-Parity Bonds, the provisions of this Article XI shall not apply to such Non-Parity Bonds.

ARTICLE XII

MISCELLANEOUS

Section 1201 Defeasance. (A) If the Agency shall pay or cause to be paid to the Holders of the Bonds the principal and interest or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and herein, and shall pay or cause to be paid all other Secured Obligations hereunder (unless waived by the beneficiaries of such Secured Obligations), then the pledge of the Revenues, Loans, 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 moneys or securities held by them pursuant hereto which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption and shall reconvey to the applicable Credit Provider any credit facility or liquidity facility in accordance with its terms or as may be directed by the Credit Provider.

(B) Any Bonds 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) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide, as provided in Article VII hereof, notice of redemption on said date of such Bonds, and (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 provide written notice to the Bondholders, as soon as practicable, that the deposit required by this Section has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 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, of 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 any money so held by the Trustee for the payment of the Holders of any particular Bonds of principal or Redemption Price of, or interest on, such Bonds shall be invested by the Trustee, upon receipt of an Officer's Certificate of the Agency, authorizing such investment, only in Investment Obligations described in clause (i) of the definition thereof in Section 101(B) hereof 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 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 Section if 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 either (i) 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 (i) of the definition thereof in Section 101(B) the principal of and the interest on which when due and without reinvestment 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; or (ii) the Credit Provider for such Bonds shall have consented to such redemption and shall have agreed to advance amounts sufficient to

provide the amount described in the preceding clause (i). Neither such Investment Obligations nor 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 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, and all such moneys shall be held in trust for and be applied to such payment until such payment is made.

(D) If, through the deposit of moneys by the Agency or otherwise, the Fiduciaries shall hold, pursuant hereto, moneys sufficient to pay the principal of and interest at maturity on all Outstanding Bonds 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.

(E) Anything herein to the contrary notwithstanding, any moneys, other than remarketing proceeds, held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two 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 two 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 one or more 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 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 written notice to be sent to the Holders of such Bonds, at the address shown on the registration books of the Trustee, that said moneys remain unclaimed and that, after a date named in said 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 this Exhibit A 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 shall be sufficient for any purpose hereof 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 or her 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 or she purports to act that the person signing such instrument acknowledged to him or her 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 duly licensed securities broker or dealer satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, firm or broker or dealer the execution thereof.

(B) The authority of a person or persons to execute any such instrument on behalf of a corporate 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 holding of Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the Bond registration books of the Trustee.

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 Moneys Held for Particular Bonds. 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 shall, pending such payment, be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or Redemption Price, after the due date thereof, shall no longer be considered to be unpaid.

Section 1204 Cancellation of Bonds. All Bonds 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 shall be deemed Outstanding hereunder and no Bonds shall be issued in lieu thereof.

Section 1205 Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by any Fiduciary under the provisions hereof 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 hereby shall be discharged as provided in Section 1201.

Section 1206 No Recourse on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Exhibit A 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 or her 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 hereunder against any director, member, officer or employee of the Agency or any natural person executing the Bonds.

Section 1207 Waiver of Notice. Whenever in this Exhibit A the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the

person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1208 Destruction of Bonds. Whenever in this Exhibit A provision is made for the cancellation by the Trustee and the delivery to the Agency of any Bonds the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Agency.

Section 1209 Notices. Unless otherwise specified herein or in a Series or Supplemental Indenture, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same shall be sent by registered or certified mail, return receipt requested, or by private courier service which provides evidence of delivery, postage or other charges prepaid, or sent by telecopy or other electronic means which produces evidence of transmission, confirmed by first class mail, and in each case shall be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Unless a different address is given by either party as provided in this Section, all such communications shall be addressed: to the Trustee at its Principal Office at One California Street, Suite 2100, San Francisco, California 94111, or, with respect to payments on the Bonds, demands for payment with respect to any Credit Facility and exchanges or transfers of any Bonds, the office of U.S. Bank National Association, 60 Livingston Avenue, St. Paul, Minnesota, 55707, Attention: Trust Finance Management; and to the Agency at Suite 300, 301 Capitol Mall, Sacramento, California 95814, Attention: Executive Director. The Agency and the Trustee, by notice given hereunder, may designate any different addresses to which subsequent notices, certificates, requests, demands or other communications shall be sent.

All written notices required under this Exhibit A shall be by hand delivery, by first class mail (postage prepaid), or by telegram (charges prepaid), by facsimile transmission, or by cablegram, telex or teletype, promptly confirmed by letter (postage prepaid), and any such notice shall be effective when received.

Section 1210 Credit Providers. (A) Any Series Indenture may provide, with respect to any consent, approval, direction or request to be given by any required percentage of Holders of Bonds (i) that the Credit Provider for such Bonds may give any such consent, approval, direction or request, and the same shall be deemed to have been given by the Holders of the required percentage of such Bonds, or (ii) that any Bonds purchased with the proceeds of advances made by a Credit Provider shall be deemed to be held by such Credit Provider, which shall be considered the Holder of such Bonds for all purposes of determining whether a sufficient percentage of Holders of Bonds have given any such consent, approval, direction or request; and specifically the Holders of such Series of Bonds shall not be entitled to request action by the Trustee under Section 1003 if such Credit Provider does not request such action.

(B) Notwithstanding anything contained herein to the contrary, all provisions hereof regarding consents, approvals, directions, waivers, appointments, requests or other actions by any Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if such Credit Provider were not mentioned therein (a) during any period during which there is a payment default under its Credit Facility, or (b) after the related Credit Facility shall at any time for any

reason cease to be valid and binding on such Credit Provider, or shall be declared to be null and void by final judgment of a court of competent jurisdiction, or after such Credit Provider has rescinded, repudiated or terminated the related Credit Facility; provided, however, that the payment of amounts due to such Credit Provider pursuant to the terms hereof shall continue in full force and effect. The foregoing shall not affect any other rights of such Credit Provider.

All provisions herein relating to the rights of any Credit Provider shall be of no force and effect if there is no Credit Facility in effect and there are no Bonds owned by such Credit Provider or in which the Credit Provider has a security interest and all amounts owing to the Credit Provider have been paid. In such event, all references to such Credit Provider shall have no force or effect.

[end of Exhibit A]

CALIFORNIA HOUSING FINANCE AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

EXHIBIT B

Dated as of January 1, 2012

to

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

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

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ARTICLE I

DETERMINATIONS AND DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Debt Reserve Fund" means the Debt Reserve Fund established pursuant to Section 401 of this Exhibit B.

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

"Debt Service Fund" means the Debt Service Fund established pursuant to Section 401 of this Exhibit B.

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

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

"Exhibit B" means this Exhibit B, as amended or supplemented by Supplemental Indentures and Series Indentures.

"Expense Fund" means the Expense Fund established pursuant to Section 401 of this Exhibit B.

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

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

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

"General Fund" means the General Fund established pursuant to Section 401 of this Exhibit B.

"General Indenture" means the Agency's Residential Mortgage Revenue Bonds General Indenture, dated as of December 1, 2009, as amended, by and between the Agency and the Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Principal Prepayment Fund" means the Principal Prepayment Fund established pursuant to Section 401 of this Exhibit B.

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

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

"Rebate Fund" means the Rebate Fund established pursuant to Section 401 of this Exhibit B.

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

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

"Revenue Fund" means the Revenue Fund established pursuant to Section 401 of this Exhibit B.

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

"Serial Bonds" means the Bonds which are not Term Bonds.

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

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

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

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

“State” means the State of California.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

FORM, EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Evidence that the issuance of said Bonds will not adversely affect the then-existing ratings of any of the Bonds by any Rating Agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

REDEMPTION OF BONDS

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

APPLICATION OF REVENUES AND OTHER MONEYS

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

Bond Proceeds Fund
Series Bond Proceeds Accounts

Acquisition Fund
Series Acquisition Accounts

Costs of Issuance Fund
Series Costs of Issuance Accounts

Revenue Fund

Debt Service Fund
Interest Account
Principal Account

Redemption Fund
Special Redemption Account
Optional Redemption Account

Expense Fund

Debt Reserve Fund

Loan Loss Fund

General Fund

Principal Prepayment Fund
Series Principal Prepayment Accounts

Rebate Fund

Supplementary Reserve Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) To the General Fund, the balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) To the credit of the Expense Fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

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

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

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

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

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

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

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

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

ARTICLE VI

PARTICULAR COVENANTS AND PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 705. *Trustee May File Claim in Bankruptcy.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to the Agency or to property of the Agency or the creditors of the Agency, the Trustee (irrespective of whether the principal of any Bonds shall then be due and payable as therein expressed or by declaration or otherwise and

irrespective of whether the Trustee shall have made any demand on the Agency for the payments equal to overdue principal or of interest on the Bonds) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of the principal, and premium, if any, and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

CONCERNING THE TRUSTEE

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

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

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

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

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

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

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

(i) the amount withdrawn or transferred by it and the amount deposited within or to the account of each Fund and Account held by it under the provisions of this Exhibit B,

(ii) the amount on deposit with it at the end of such month to the credit of each such Fund and Account,

(iii) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account,

(iv) the amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed, and

(v) any other information which the Agency may reasonably request.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

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

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

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

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

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

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

ARTICLE X

SUPPLEMENTAL INDENTURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XI

DEFEASANCE

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

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

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

ARTICLE XII

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

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

Section 1205. *Substitute for Mailing.* In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Bondowners when such notice is required to be given pursuant to any provision of this Exhibit B, any manner of giving notice as shall be satisfactory to the Trustee and the Agency shall be deemed to be a sufficient giving of such notice.

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

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

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

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

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

Trustee.

[end of Exhibit B]

