

CONVERSION — BOOK-ENTRY ONLY

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, (i) under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the below-defined Program Bonds (a) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; and (ii) under existing statutes, interest on the Program Bonds is exempt from personal income taxes imposed by the State of California. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Program Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Program Bonds from gross income under Section 103 of the Code. See "Tax Matters."



\$466,115,000
CALIFORNIA HOUSING FINANCE AGENCY
Residential Mortgage Revenue Bonds
(Separately-Secured Article XIV Bonds)
2009 Series A-5 (AMT) †

Dated: December 30, 2009 (interest to accrue from Release Date)
Release Date: June 7, 2012

Due: See inside front cover page

This cover page contains selected information for quick reference only. It is not a summary of relevant information. Potential investors must read the Official Statement to obtain information essential to making an informed investment decision. Capitalized terms are defined inside.

The above-captioned bonds (the "Program Bonds") will mature on the date and in the amount listed on the inside front cover page and will bear interest at the rates set forth on the inside front cover page. Interest is payable on the Program Bonds on August 7, 2012, and thereafter on each February 1, May 1, August 1 and November 1.

The authorized denominations of the Program Bonds are as described herein. DTC will hold the Program Bonds in book-entry form. Owners will not receive certificates representing their interests in the Program Bonds. Interest on and principal of the Program Bonds are payable on behalf of the Agency by U.S. Bank National Association, as Trustee under the Separately-Secured Indenture, to DTC. So long as DTC or its nominee remains the registered owner of the Program Bonds, disbursement of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the Beneficial Owners of the Program Bonds is the responsibility of DTC Participants and Indirect Participants. See "The Program Bonds — DTC and Book-Entry."

The Program Bonds are subject to redemption prior to maturity as described herein. See "The Program Bonds."

Proceeds of the Program Bonds will provide moneys to enable the Agency to redeem certain outstanding bonds of the Agency as described herein.

The Program Bonds are special limited obligations of the Agency, payable solely from the revenues, assets and properties pledged therefor under the Separately-Secured Indenture. The Agency has no taxing power. The Program Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency as provided in the Separately-Secured Indenture.

No revenues or assets pledged under the RMRB General Indenture (excluding the Separately-Secured Indenture) will be available for the payment of the principal or Redemption Price of or interest on the Separately-Secured Bonds and no Revenues or assets pledged under the Separately-Secured General Indenture will be available for the payment of the principal or redemption price or sinking fund payments or interest on any bonds (other than the Separately-Secured Bonds) issued or to be issued under the RMRB General Indenture.

Certain legal matters incident to the Release with respect to the Program Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency.

June 5, 2012

† Not reoffered.

MATURITY SCHEDULE

\$466,115,000 2009 Series A-5 Bonds^{††}

\$466,115,000 2009 Series A-5 Term Bonds due February 1, 2041 CUSIP[†]: 130333BY2

Interest rate from and including June 7, 2012 to but not including August 7, 2012:
Short-Term Rate (as described herein under “The Program Bonds — General Description”)

Interest rate from and including August 7, 2012: 3.16%

[†] CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is set forth for convenience of reference only. The Agency does not assume any responsibility for the accuracy of such data.

^{††} Not reoffered.

No person has been authorized by the Agency to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Agency. The information set forth herein has been furnished by the Agency and by other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

Part 1 and Part 2 of this Official Statement, including their respective appendices, are to be read together, and together Part 1 and Part 2, including their respective appendices, constitute this Official Statement.

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OFFICIAL STATEMENT PART 1

CALIFORNIA HOUSING FINANCE AGENCY

**Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds),
2009 Series A-5**

This Official Statement Part 1 (“Part 1”) provides information as of its date (*except* where otherwise expressly stated) concerning the Agency’s Program Bonds. It contains only a part of the information to be provided by the Agency in connection with the Release applicable to the Program Bonds. Additional information concerning the Agency, security for the Separately-Secured Bonds, the Single-Family Program and the Agency’s other financing programs is contained in the Official Statement Part 2 (“Part 2”) and is subject in all respects to the information contained herein.

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OFFICIAL STATEMENT PART 1
of the
California Housing Finance Agency
relating to
\$466,115,000
RESIDENTIAL MORTGAGE REVENUE BONDS
(Separately-Secured Article XIV Bonds)
2009 Series A-5 (AMT)[†]

INTRODUCTION

This Official Statement consists of Part 1 and Part 2 and provides information concerning the California Housing Finance Agency (the “Agency”), its Single-Family Program (defined below) and the following subseries of its Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds), together with certain related features.

Bond Subseries <u>Designation</u>	Initial Principal <u>Amount</u>	Federal Tax Character of <u>Interest</u>	Interest Rate <u>Character</u>	Defined Term Used in this Official <u>Statement</u>
2009 Series A-5	\$466,115,000	AMT	Fixed	“Program Bonds”

The Program Bonds are a subseries of the Agency’s Residential Mortgage Revenue Bonds, 2009 Series A (the “2009 Series A Bonds”) previously issued pursuant to Parts 1 through 4 of Division 31 of the California Health and Safety Code (the “Act”), certain resolutions of the Board of Directors of the Agency (the “Resolution”), an Indenture, dated as of December 1, 2009, as amended (the “RMRB General Indenture”), by and between the Agency and U.S. Bank National Association, as trustee (the “Trustee”), and the 2009 Series A Series Indenture, dated as of December 1, 2009, as amended and supplemented (the “Program Bonds Series Indenture”), by and between the Agency and the Trustee. Capitalized terms used in this Official Statement and not otherwise defined have the respective meanings ascribed thereto in the Separately-Secured Indenture (defined below). See Part 2 “Summary of Certain Provisions of the Separately-Secured General Indenture — Certain Defined Terms.”

The Agency issued the 2009 Series A Bonds, in the aggregate principal amount of \$1,016,440,000, as part of the New Issue Bond Program (the “NIBP”) of the United States Department of the Treasury (the “Treasury”). The Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (collectively, the “GSEs”) purchased the 2009 Series A Bonds under the NIBP. Upon the issuance of the 2009 Series A Bonds, the proceeds thereof were deposited in an escrow fund (the “2009 Series A Escrow Fund”). Upon satisfaction of certain conditions, moneys can be released from the 2009 Series A Escrow Fund (each such event, a “Release”) for purposes specified in the 2009 Series A Series Indenture. The Agency may effect a Release of such proceeds on one or more dates (subject to certain limitations set forth in the 2009 Series A Series Indenture) (each a “Release Date”).

[†] Not reoffered.

There have previously been two Releases by the Agency with respect to the 2009 Series A Bonds: \$36,000,000 principal amount on December 15, 2010 and \$108,000,000 principal amount on May 19, 2011. The Release with respect to the Program Bonds will be the third Release with respect to the 2009 Series A Bonds. The 2009 Series A Bonds with respect to which a Release has not occurred currently bear a short-term interest rate equal to the investment earnings on the proceeds of such bonds. Any proceeds remaining in escrow on January 1, 2013 are required to be applied to redeem 2009 Series A Bonds with respect to which a Release has not occurred.

In connection with each Release, the Agency designates the applicable 2009 Series A Bonds as an additional subseries of the 2009 Series A Bonds, as it will do with respect to the Program Bonds. Beginning on its Release Date, interest on such subseries of the 2009 Series A Bonds will be changed to an interim rate for two months, then to a long-term rate until maturity or prior redemption. The GSEs will retain ownership of the Program Bonds following the Release.

Article XIV of the RMRB General Indenture, which incorporates Exhibit B to the RMRB General Indenture (collectively, the "Separately-Secured General Indenture"; together with Articles I through III of the Program Bonds Series Indenture as modified by Article V of the Program Bonds Series Indenture, as supplemented, the "Separately-Secured Indenture") provides that, in connection with a Release, the Agency may determine that the applicable subseries of 2009 Series A Bonds upon their Release Date shall be treated for all purposes as if issued under the Separately-Secured General Indenture and not under the other Articles of the RMRB General Indenture. The Agency has made such a determination with respect to the Program Bonds. The Program Bonds are the first subseries of the 2009 Series A Bonds with respect to which the Agency has made such a determination, and the Agency heretofore has not issued any other bonds under the Separately-Secured General Indenture. The Program Bonds, together with any other 2009 Series A Bonds with respect to which the Agency hereafter makes such determination and any additional bonds hereafter issued under the Separately-Secured General Indenture, are herein called "Separately-Secured Bonds." The Agency currently expects that the Program Bonds will be the only Separately-Secured Bonds.

No revenues or assets pledged under the RMRB General Indenture (excluding the Separately-Secured Indenture) will be available for the payment of the principal or Redemption Price of or interest on the Separately-Secured Bonds and no Revenues or assets pledged under the Separately-Secured General Indenture will be available for the payment of the principal or redemption price or sinking fund payments or interest on any bonds (other than the Separately-Secured Bonds) issued or to be issued under the RMRB General Indenture.

The amounts to be withdrawn from the 2009 Series A Escrow Fund on the Release Date with respect to the Program Bonds are expected to be transferred to the Agency's Home Mortgage Revenue Bonds indenture on July 1, 2012 to be used, within 90 days of such Release Date, to redeem the Agency's Home Mortgage Revenue Bonds of the series and in the respective aggregate principal amounts indicated below (collectively, the "Refunded Bonds"):

Series of Home Mortgage Revenue Bonds	Refunded Amount
2002 Series J	\$ 4,340,000
2002 Series M	5,940,000
2002 Series U	26,405,000
2003 Series D	40,400,000
2003 Series F	75,000,000
2003 Series H	45,390,000
2003 Series K	31,475,000
2003 Series M	15,510,000
2004 Series E	2,080,000
2005 Series D	76,625,000
2005 Series H	74,430,000
2008 Series C	24,960,000
2008 Series D	30,165,000
2008 Series E	13,395,000

Upon such transfer, certain participations in single-family mortgage loans and certain participations in single-family mortgage-backed securities (the “Program Bonds Mortgage Loans” and the “Program Bonds Mortgage-Backed Securities,” respectively; collectively, the “Program Bonds Mortgage Loans and Mortgage-Backed Securities”) and principal receipts thereon after February 29, 2012 and other cash then allocated on the Agency’s books to the Refunded Bonds will immediately be subject to the lien and pledge of the Separately-Secured Indenture and will be transferred to the Separately-Secured Indenture and allocated to the Program Bonds. See Part 2 “Security for the Separately-Secured Bonds —Mortgage Loans and Mortgage-Backed Securities,” “Certain Investor Considerations,” Appendix A — “Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund” and Appendix C — “Expected Investments.” In addition, the Agency will contribute, on or about the Release Date with respect to the Program Bonds, certain single-family mortgage loans and participations in single-family mortgage loans, certain multi-family mortgage loans and certain multi-family mortgage-backed securities with an aggregate principal balance of approximately \$49,257,892 as of February 29, 2012 (the “Overcollateralization Fund Single-Family Loans,” the “Overcollateralization Fund Multifamily Loans” and the “Overcollateralization Fund Multifamily Securities,” respectively; collectively, the “Overcollateralization Fund Loans and Securities”) and principal prepayments thereon after such date and approximately \$700,000 cash to an Overcollateralization Fund to be established under the Separately-Secured Indenture within the Acquisition Fund (the “Overcollateralization Fund”). See Part 2 “Security for the Separately-Secured Bonds—Overcollateralization Fund,” “Certain Investor Considerations” and Appendix B — “Overcollateralization Fund Loans and Securities.” The Agency will pay Costs of Issuance with respect to the Program Bonds from its general unrestricted funds. See “Application of Funds.”

The maturities and Sinking Fund Requirements with respect to the Program Bonds have been established assuming that there will be no Principal Prepayments with respect to the Program Bonds Mortgage Loans or the Program Bonds Mortgage-Backed Securities to be deposited in the Acquisition Fund, and that payments of principal and interest on the Program

Bonds Mortgage Loans and the Program Bonds Mortgage-Backed Securities to be deposited in the Acquisition Fund and earnings on investments in accounts established under the Separately-Secured Indenture, together with other available Revenues (including amounts in excess of the Debt Reserve Requirement transferred from the Debt Reserve Fund to the Revenue Fund), will be sufficient to pay scheduled debt service on the Program Bonds, subject to the realization of certain assumptions made by the Agency in structuring the Program Bonds. See "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses" herein.

The Program Bonds are special limited obligations of the Agency, payable solely from the revenues, assets and properties pledged therefor under the Separately-Secured Indenture. The Agency has no taxing power. The Program Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency as provided in the Separately-Secured Indenture.

The Agency has covenanted in the Separately-Secured General Indenture to furnish to the Trustee, within 120 days after the close of each Fiscal Year so long as any of the Separately-Secured Bonds are Outstanding, a statement of the Agency's revenues, expenses and changes in net assets during the previous period.

Descriptions of the Agency, the Program Bonds, the security for the Separately-Secured Bonds, certain mortgage loan insurance and guaranty and mortgage-backed securities programs, the Single-Family Program and the Separately-Secured Indenture are included in this Official Statement. All summaries or descriptions in this Official Statement of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries in this Official Statement of the Program Bonds are qualified in their entirety by reference to the Separately-Secured Indenture and the provisions with respect thereto included in the aforesaid documents and agreements, copies of which are available for inspection at the offices of the Agency.

APPLICATION OF FUNDS

Moneys on deposit in the funds and accounts relating to the Program Bonds (including certain amounts contributed by the Agency) are expected to be applied approximately as follows (in addition, the Agency will contribute Overcollateralization Fund Loans and Securities with an aggregate principal balance of approximately \$49,257,892 as of February 29, 2012 and principal prepayments thereon after such date and approximately \$700,000 cash to the Overcollateralization Fund):

Transfer to Home Mortgage Revenue	
Bonds Indenture on July 1, 2012 for	
Refunding of Refunded Bonds [†]	\$466,115,000
Costs of Issuance.....	<u>365,000</u>
Total	<u>\$466,480,000</u>

[†] Upon such transfer, Program Bonds Mortgage Loans and Mortgage-Backed Securities with an aggregate principal balance of approximately \$457,639,537 as of February 29, 2012 and principal receipts thereon after such date and approximately \$8,475,463 cash then allocated on the Agency's books to the Refunded Bonds will immediately be subject to the lien and pledge of the Separately-Secured Indenture and will be transferred to the Separately-Secured Indenture and allocated to the Program Bonds. All of such Mortgage Loans and principal receipts thereon after February 29, 2012, and certain of such Mortgage-Backed Securities (having an aggregate principal balance of approximately \$13,290,208 as of February 29, 2012) and principal receipts thereon after February 29, 2012, are expected to be deposited to the 2009 Series A-5 Account of the Acquisition Fund, and the remainder of such Mortgage-Backed Securities (having an aggregate principal balance of approximately \$5,521,215 as of February 29, 2012) and principal receipts thereon after February 29, 2012, and all of such \$8,475,463 cash, is expected to be deposited in the Debt Reserve Fund subsequent to such transfer.

THE PROGRAM BONDS

General Description

The Program Bonds will mature on the date and in the amount set forth on the inside front cover page. The authorized denominations of the Program Bonds are \$5,000 and integral multiples thereof and, for purposes of redemption of Program Bonds, \$10,000 and integral multiples thereof. Interest on the Program Bonds will be payable on the dates set forth on the cover page. The Program Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) (i) from June 7, 2012 to but not including August 7, 2012 at the per annum rate (the "Short Term Rate") equal to the sum of 110 basis points (1.10%) plus the lesser of (A) the Four Week T-Bill Rate reported by the Federal Reserve on its website as of the second business day prior to the Release Date applicable to the Program Bonds, or (B) 2.06%, and (ii) from August 7, 2012 to their maturity (or prior redemption) at 3.16% per annum.

The Separately-Secured Indenture provides that neither the Agency nor the Trustee shall be required to make any transfer or exchange of any Program Bond during the 15 days preceding each Interest Payment Date or with respect to a Program Bond for which notice of its redemption has been given.

The Program Bonds are issued only as fully-registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities

depository for the Program Bonds. See “The Program Bonds — DTC and Book-Entry.” U.S. Bank National Association is the Trustee.

Redemption

Optional Redemption

The Program Bonds are subject to redemption at the option of the Agency, in whole or in part, on the first business day of any month, from any moneys made available for such purpose, at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus interest, if any, accrued to the redemption date.

Sinking Fund Redemption

The Program Bonds are subject to mandatory redemption in part on the respective dates and in the respective amounts as set forth below. The Redemption Price for any redemption described under this subheading will be equal to the principal amount of the Program Bonds being redeemed plus accrued interest to the date of redemption. Such redemptions will be in a principal amount equal to the applicable Sinking Fund Requirement for such date (subject to reduction as discussed under “General Redemption Provisions Applicable to Program Bonds — Adjustments to and Credits against Sinking Fund Requirements”).

Program Bonds Sinking Fund Requirements

<u>Date</u>	<u>Amount</u>
November 1, 2012	\$ 870,000
February 1, 2013	2,660,000
May 1, 2013	2,700,000
August 1, 2013	2,760,000
November 1, 2013	2,790,000
February 1, 2014	2,820,000
May 1, 2014	2,870,000
August 1, 2014	2,890,000
November 1, 2014	2,940,000
February 1, 2015	2,970,000
May 1, 2015	3,000,000
August 1, 2015	3,050,000
November 1, 2015	3,080,000
February 1, 2016	3,110,000
May 1, 2016	3,160,000
August 1, 2016	3,190,000
November 1, 2016	3,240,000
February 1, 2017	3,270,000
May 1, 2017	3,310,000
August 1, 2017	3,360,000
November 1, 2017	3,390,000
February 1, 2018	3,440,000
May 1, 2018	3,480,000

Program Bonds Sinking Fund Requirements (cont'd)

<u>Date</u>	<u>Amount</u>
August 1, 2018	\$3,520,000
November 1, 2018	3,560,000
February 1, 2019	3,610,000
May 1, 2019	3,650,000
August 1, 2019	3,700,000
November 1, 2019	3,740,000
February 1, 2020	3,790,000
May 1, 2020	3,830,000
August 1, 2020	3,880,000
November 1, 2020	3,930,000
February 1, 2021	3,970,000
May 1, 2021	4,030,000
August 1, 2021	4,070,000
November 1, 2021	4,130,000
February 1, 2022	4,170,000
May 1, 2022	4,230,000
August 1, 2022	4,270,000
November 1, 2022	4,330,000
February 1, 2023	4,380,000
May 1, 2023	4,430,000
August 1, 2023	4,490,000
November 1, 2023	4,540,000
February 1, 2024	4,600,000
May 1, 2024	4,650,000
August 1, 2024	4,710,000
November 1, 2024	4,760,000
February 1, 2025	4,820,000
May 1, 2025	5,060,000
August 1, 2025	4,930,000
November 1, 2025	5,290,000
February 1, 2026	5,050,000
May 1, 2026	5,410,000
August 1, 2026	5,160,000
November 1, 2026	5,530,000
February 1, 2027	5,280,000
May 1, 2027	5,660,000
August 1, 2027	5,410,000
November 1, 2027	5,790,000
February 1, 2028	5,530,000
May 1, 2028	5,930,000
August 1, 2028	5,650,000

Program Bonds Sinking Fund Requirements (cont'd)

<u>Date</u>	<u>Amount</u>
November 1, 2028	\$6,050,000
February 1, 2029	5,780,000
May 1, 2029	6,180,000
August 1, 2029	5,910,000
November 1, 2029	6,310,000
February 1, 2030	6,010,000
May 1, 2030	6,440,000
August 1, 2030	6,120,000
November 1, 2030	6,530,000
February 1, 2031	6,200,000
May 1, 2031	6,630,000
August 1, 2031	6,300,000
November 1, 2031	6,730,000
February 1, 2032	6,390,000
May 1, 2032	6,820,000
August 1, 2032	6,460,000
November 1, 2032	6,870,000
February 1, 2033	6,460,000
May 1, 2033	6,750,000
August 1, 2033	6,040,000
November 1, 2033	5,790,000
February 1, 2034	4,940,000
May 1, 2034	5,080,000
August 1, 2034	4,660,000
November 1, 2034	4,800,000
February 1, 2035	4,250,000
May 1, 2035	4,230,000
August 1, 2035	3,800,000
November 1, 2035	3,620,000
February 1, 2036	2,900,000
May 1, 2036	2,790,000
August 1, 2036	2,330,000
November 1, 2036	2,230,000
February 1, 2037	1,930,000
May 1, 2037	1,970,000
August 1, 2037	1,720,000
November 1, 2037	1,780,000
February 1, 2038	1,660,000
May 1, 2038	1,730,000
August 1, 2038	1,530,000

Program Bonds Sinking Fund Requirements (cont'd)

<u>Date</u>	<u>Amount</u>
November 1, 2038	\$1,500,000
February 1, 2039	1,350,000
May 1, 2039	1,410,000
August 1, 2039	1,320,000
November 1, 2039	1,420,000
February 1, 2040	1,340,000
May 1, 2040	1,440,000
August 1, 2040	1,380,000
November 1, 2040	1,410,000
February 1, 2041	7,005,000 [†]

[†] Stated maturity.

Mandatory Redemption from Principal Prepayments

The Program Bonds are subject to mandatory redemption, in whole or in part, on the first business day of each February, May, August and November, at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus interest, if any, accrued to the redemption date, in an amount equal to Principal Prepayments received as of the first business day of the second preceding month prior to such day with respect to Program Bonds Mortgage Loans, Program Bonds Mortgage-Backed Securities held in the Acquisition Fund and Overcollateralization Fund Loans and Securities, and all amounts on deposit in the Debt Reserve Fund in excess of the Debt Reserve Requirement as of the second preceding month prior to such day, in each case to the extent not used to pay scheduled principal, interest or sinking fund redemptions on the Program Bonds on the redemption date.

General Redemption Provisions Applicable to Program Bonds

Adjustments to and Credits against Sinking Fund Requirements

The Separately-Secured General Indenture provides that, if less than all of the Term Bonds Outstanding of any maturity of a Series (or subseries, if applicable) is 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 will be credited, except as otherwise directed by the Agency, to the extent practicable against all remaining Sinking Fund Requirements for the Term Bonds of such Series (or 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 Separately-Secured Bonds of such Series (or subseries, if applicable) and maturity then Outstanding.

The Program Bonds Series Indenture provides that, except as otherwise required to maintain the rating on the Program Bonds, Program Bond mandatory sinking fund redemption schedules shall be adjusted, in the event of any unscheduled redemption of Program Bonds subject to such sinking fund redemption (as nearly as practicable, taking into account authorized

denominations), by reducing each remaining scheduled sinking fund payment by a factor equal to the principal amount of such unscheduled redemption of Program Bonds subject to such sinking fund redemption divided by the aggregate principal amount of Program Bonds Outstanding prior to such redemption (after giving effect to any scheduled redemption occurring on or prior to such redemption date).

General Provisions as to Purchase or Redemption of Separately-Secured Bonds

Pursuant to the Separately-Secured General Indenture, the Trustee may at any time purchase Separately-Secured Bonds:

(i) that are subject to Sinking Fund Requirements on the next date such payments are scheduled, upon direction of any Authorized Officer, from moneys on deposit in the Revenue Fund prior to being transferred to the Principal Account in satisfaction of such Sinking Fund Requirements, at a price, *except* as described below, not to exceed the Redemption Price (plus accrued interest to the date of redemption, if any) that would be payable on the next redemption date; no such purchase may be made, *however*, by the Trustee after the giving of notice of redemption by the Trustee; and

(ii) from moneys on deposit in the Special Redemption Account and the Optional Redemption Account, upon direction of any Authorized Officer, at a price, *except* as described below, not to exceed the Redemption Price (plus accrued interest to the date of redemption, if any) that would be payable on the next redemption date; no such purchase may be made, *however*, after the giving of notice by the Trustee that such Separately-Secured Bonds are subject to redemption, *except* (a) from moneys other than moneys set aside for such redemption or (b) if such purchase is from the party that has received such notice.

Subject to applicable law, notwithstanding the maximum purchase price set forth in (i) and (ii) above, if at any time the investment earnings on the moneys available for such purchase shall be less than the interest accruing on the Separately-Secured Bonds to be redeemed, then the Trustee may pay a purchase price for any such Separately-Secured Bond in excess of the Redemption Price that would be payable on the next redemption date to the Owner of such Separately-Secured Bond under the applicable Series Indenture, if an Authorized Officer certifies to the Trustee that the amount paid in excess of said Redemption Price is less than the interest that is to accrue on said Separately-Secured Bond less any investment earnings on such available moneys for the period from the settlement date of the proposed purchase to the redemption date.

Selection of Separately-Secured Bonds for Redemption

The Trustee will select the Separately-Secured Bonds or portions of Separately-Secured Bonds to be redeemed or purchased in accordance with the Separately-Secured General Indenture and the applicable Series Indenture. *Except* as otherwise stated in the Series Indenture authorizing a Series of Separately-Secured Bonds with respect to all or any part of the Series of Separately-Secured Bonds authorized thereunder, moneys will, upon direction by an Agency Request to the Trustee, be applied by the Trustee to the purchase or the redemption of

Separately-Secured 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 (see “The Program Bonds — Redemption” above). The Agency Request relating to each redemption of Program Bonds will be filed with the Trustee at least ten (10) days prior to the date by which notice of such redemption is required to be given to registered Owners, or such lesser number of days as shall be acceptable to the Trustee.

If less than all of the Program Bonds are to be called for redemption, the particular Program Bonds to be redeemed will be selected at least five (5) days prior to the date by which notice of such redemption is required to be given to registered Owners, or such lesser number of days as shall be acceptable to the Trustee, in such manner as directed by the Agency pursuant to an Agency Request 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 Program Bonds to be redeemed will be in the minimum principal amount or an integral multiple thereof established for the Program Bonds in the Program Bonds Series Indenture, and that in selecting Program Bonds for redemption, the Trustee will treat each Program Bond as representing that number of Program Bonds that is obtained by dividing the principal amount of such Program Bond by said minimum principal amount.

Notice of Redemption

The Program Bonds Series Indenture provides that notice of any redemption of Program Bonds shall be given by the Trustee to the registered Owners of the Program Bonds to be redeemed at least fifteen (15) days (or, when DTC is the registered Owner of the Program Bonds, such greater number of days as may be required by DTC) but not more than forty-five (45) days (or, when DTC is the registered Owner of the Program Bonds, such lesser number of days as may be required by DTC) before the redemption date, by mail to the registered Owners of the Program Bonds to be redeemed at their addresses as they appear in the registration books kept by the Bond Registrar (or, when DTC is the sole registered Owner of the Program Bonds, in the manner required by DTC). In the case of redemption that is conditioned on the occurrence of certain events, the notice of redemption will set forth, among other things, the conditions precedent to the redemption. Once a redemption notice is sent in accordance with the provisions of the Separately-Secured Indenture, any such notice shall be effective with respect to a Program Bond to be redeemed whether or not received by the Bondowner thereof.

When notice of redemption of Program Bonds is given while DTC is the registered Owner of the Program Bonds, DTC is responsible for notifying Direct Participants, and Direct Participants and Indirect Participants are responsible for notifying Beneficial Owners. Neither the Trustee nor the Agency is responsible for sending notices to Beneficial Owners or for the consequences of any action or inaction by the Agency as a result of the response or failure to respond by DTC or its nominee as Bondowner. (“Direct Participants,” “Indirect Participants,” and “Beneficial Owners” are defined under the heading “DTC and Book-Entry.”)

DTC and Book-Entry

The Program Bonds are issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Program Bonds. Owners of such Separately-Secured Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Program Bonds are immobilized in the custody of DTC, references to holders or owners of the Program Bonds (except under “Tax Matters”) mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and the Agency takes no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Program Bonds. The Program Bonds are issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee (“Cede”), or such other name as may be requested by an authorized representative of DTC. One fully-registered Program Bond certificate is issued for each maturity of each subseries thereof in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Program Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Program Bonds on DTC’s records. The ownership interest of each actual purchaser of each Program Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not

receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Program Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Program Bonds, except in the event that use of the book-entry system for the Program Bonds is discontinued.

To facilitate subsequent transfers, all Program Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of the Program Bonds with DTC and their registration in the name of Cede or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Program Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Program Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Program Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Program Bonds, such as redemptions, defaults, and proposed amendments to the Separately-Secured Indenture. For example, Beneficial Owners of Program Bonds may wish to ascertain that the nominee holding the Program Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of a maturity of a Series of the Program Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to the Program Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede's consenting or voting rights to those Direct Participants to whose accounts the Program Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Program Bonds will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and

will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Agency, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE AGENCY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PROGRAM BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE PROGRAM BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE SEPARATELY-SECURED INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE PROGRAM BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as securities depository with respect to the Program Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Program Bond certificates are required to be printed and delivered as described in the Separately-Secured Indenture.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Program Bond certificates will be required to be printed and delivered as described in the Separately-Secured Indenture.

In the event that the book-entry system with respect to the Program Bonds is discontinued as described above, the following requirements of the Separately-Secured Indenture will apply. The Separately-Secured Indenture provides for issuance of bond certificates directly to registered owners of the Program Bonds other than DTC or its nominee at the expense of such registered owners. Interest on such Program Bonds will be payable by check or draft mailed to the persons whose names appear on the registration books of the Agency maintained by the Trustee. Principal of each Program Bond will be payable to the registered owner thereof upon surrender of such Program Bond at the office of the Trustee in San Francisco, California or, at the option of the registered owner, at the office of U.S. Bank National Association, St. Paul, Minnesota. Notwithstanding the foregoing, upon written request of a registered owner of \$5,000,000 or more in aggregate principal amount of the Program Bonds, interest on, and upon surrender, principal of such Separately-Secured Bonds will be payable by wire transfer from the Trustee to the registered owner thereof. The Program Bonds may be exchanged by the registered owners thereof in person or by duly authorized attorney. Any Program Bond may be transferred with a written instrument of transfer, in form and with a medallion guarantee of signature satisfactory to the Trustee, duly executed by the registered owner or his or her duly authorized attorney, at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Separately-Secured Indenture, and upon surrender and

cancellation of the Program Bonds to be exchanged or transferred. No transfer or exchange of any Program Bond shall be required to be made during the 15 days next preceding each Interest Payment Date or with respect to a Program Bond for which notice of redemption has been given. Upon such exchange or transfer, a new Program Bond or Bonds, as applicable, of the same or any other authorized denomination or denominations for the same aggregate principal amount, will be issued to the owner or transferee, as the case may be, in exchange therefor.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, AND PROGRAM EXPENSES

General

The Agency has made, or will make, certain assumptions, including those set forth under this caption "Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses," in establishing the principal amount of and the Sinking Fund Requirements with respect to the Program Bonds.

The Agency expects payments under the Program Bonds Mortgage Loans and the Program Bonds Mortgage-Backed Securities to be deposited in the Acquisition Fund and moneys and securities held under the Separately-Secured Indenture and the income thereon (including amounts in excess of the Debt Reserve Requirement transferred from the Debt Reserve Fund to the Revenue Fund) to be sufficient to pay, when due, the principal (including Sinking Fund Requirements) of and interest on the Program Bonds. In arriving at the foregoing, the Agency has not considered the issuance of Additional Separately-Secured Bonds or the application or investment of the proceeds thereof; *however*, a condition in the Separately-Secured Indenture to issuing such Additional Separately-Secured Bonds is the filing of a Cash Flow Statement. Since all Separately-Secured Bonds issued under the Separately-Secured General Indenture will rank equally and ratably with the Program Bonds with respect to the security afforded by the Separately-Secured Indenture, availability of money for repayment of the Program Bonds could be affected by the issuance, application, and investment of proceeds of Additional Separately-Secured Bonds. The Sinking Fund Requirements of the Program Bonds were determined on the assumption that there will be no Principal Prepayments with respect to the Program Bonds Mortgage Loans and the Program Bonds Mortgage-Backed Securities to be deposited in the Acquisition Fund.

The Agency believes it is reasonable to make these assumptions regarding the Program Bonds, but can give no assurance that the actual receipt of money will correspond with the estimates of money available to pay the debt service on the Separately-Secured Bonds and the expenses of the Agency and the Trustee incurred in connection with the Program.

Mortgage Loans and Mortgage-Backed Securities; Certain Deposits to Separately-Secured Indenture

In establishing the principal amount of and the Sinking Fund Requirements with respect to the Program Bonds, it has been assumed that the amounts to be withdrawn from the 2009 Series A Escrow Fund on the Release Date with respect to the Program Bonds will be transferred to the Agency's Home Mortgage Revenue Bonds indenture on July 1, 2012 to be used to redeem

the Refunded Bonds and that upon such transfer, Program Bonds Mortgage Loans and Mortgage-Backed Securities with an aggregate principal balance of approximately \$457,639,537 as of February 29, 2012 and approximately \$8,475,463 cash then allocated on the Agency's books to the Refunded Bonds will immediately be subject to the lien and pledge of the Separately-Secured Indenture and will be transferred to the Separately-Secured Indenture and allocated to the Program Bonds and deposited as described above under "Application of Funds." It also has been assumed that on the Release Date the Agency will contribute Overcollateralization Fund Loans and Securities with an aggregate principal balance of approximately \$49,257,892 as of February 29, 2012 and approximately \$700,000 cash to the Overcollateralization Fund. See "Application of Funds" and Part 2 "Security for the Separately-Secured Bonds—Overcollateralization Fund," Appendix A — "Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund" and Appendix B — "Overcollateralization Fund Loans and Securities."

In establishing the principal amount of and the Sinking Fund Requirements with respect to the Program Bonds, it has been assumed that there will be no losses with respect to the Program Bonds Mortgage Loans and the Program Bonds Mortgage-Backed Securities to be deposited in the Acquisition Fund.

Certain Investments

In establishing the principal amount of and the Sinking Fund Requirements with respect to the Program Bonds, it has been assumed that amounts allocable to the Program Bonds in all Funds (other than the Rebate Fund) and Accounts will be invested at an interest rate of 0% per annum during the first three years after the Release Date, at 1% during the fourth through twelfth years after the Release Date and at 2% thereafter.

Expenses

The annual Trustee fee in connection with the Program Bonds will be assumed to be equal to 0.01% of the Outstanding Program Bonds.

The Separately-Secured Indenture provides that during a Fiscal Year the Agency may withdraw as Expenses (which includes items in addition to those described in the preceding paragraph) amounts supported by a Cash Flow Statement filed by the Agency with the Trustee, not to exceed the aggregate of the amounts set forth therefor in all Series Indentures. See Part 2 "Summary of Certain Provisions of the Separately-Secured General Indenture — Certain Definitions — Expenses," "— Revenue Fund; Application of Revenues" and "— Cash Flow Statements." The Program Bonds Series Indenture establishes such amount as the amount provided in the then-current Cash Flow Statement, not to exceed 0.55% of the Outstanding Program Bonds.

TAX MATTERS

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency, (i) under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Program Bonds (a) is excluded from gross income

for Federal income tax purposes pursuant to Section 103 of the Code and (b) is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; and (ii) under existing statutes, interest on the Program Bonds is exempt from personal income taxes imposed by the State of California. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Agency in connection with the Program Bonds, and Bond Counsel has assumed compliance by the Agency with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Program Bonds from gross income under Section 103 of the Code.

The opinion of Bond Counsel is expected to be delivered in substantially the form set forth in Appendix A to this Part 1.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Program Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason.

Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Program Bonds, or under state and local tax law.

Although Bond Counsel will render its opinion that interest on the Program Bonds is excluded from gross income for Federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, such Separately-Secured Bonds may otherwise affect a Beneficial Owner's Federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Code establishes certain requirements that must be met subsequent to the issuance of the Program Bonds in order that interest thereon be and remain excluded from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditures of gross proceeds of the Program Bonds, yield and other restrictions on investment of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Program Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Agency has adopted documents with respect to its program that establish procedures under which, if followed, such requirements can be met. The Agency has covenanted in the Separately-Secured Indenture to at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Program Bonds shall not be included in gross income for Federal income tax purposes under the Code. Bond Counsel has relied upon such covenant and has assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Separately-Secured Indenture and

such documents. In rendering its opinion, Bond Counsel also has relied on certain representations, certification of fact, and statements of the reasonable expectations made by the Agency and others in connection with the Program Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Program Bonds may adversely affect the value of, or the tax status of interest on, the Program Bonds.

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Program Bonds. In general, such reporting requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Program Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Program Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Program Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the Program Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Program Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Program Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Program Bonds under Federal or state law or otherwise prevent beneficial owners of the Program Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Program Bonds.

Owners of the Program Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Certain legal matters incident to the Release with respect to the Program Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Agency. The proposed form of legal opinion of Bond Counsel to be delivered upon the Release with respect to the Program Bonds undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement or other offering material relating to the Program Bonds and expresses therein no opinion with respect thereto.

LITIGATION

There is no pending (with service of process on the Agency completed) litigation of any nature restraining or enjoining or seeking to restrain or enjoin the Release with respect to the Program Bonds, or contesting the validity of the Program Bonds, the Separately-Secured Indenture or other proceedings of the Agency taken with respect to the authorization, issuance or sale of the Program Bonds, or the pledge or application of any money under the Separately-Secured Indenture, or the existence or powers of the Agency to implement the Single-Family Program.

While at any given time, including the present, there are or may be civil actions pending against the Agency, which could, if determined adversely to the Agency, affect the Agency's expenditures and in some cases its revenues, the Agency is of the opinion that no pending actions are likely to have a material adverse effect on the Agency's ability to pay principal of, premium, if any, and interest on the Program Bonds when due.

LEGALITY FOR INVESTMENT

Under the Act, the Program Bonds are legal investments for all public officers and public bodies of the State of California or its political subdivisions, all municipalities and municipal subdivisions, all insurance companies or banks, savings and loan associations, building and loan associations, trust companies, savings banks, savings associations and investment companies, and administrators, guardians, conservators, executors, trustees and other fiduciaries, and may be used as security for public deposits.

MISCELLANEOUS

The agreements of the Agency with the owners of the Program Bonds are fully set forth in the Separately-Secured Indenture, and this Official Statement is not to be construed as a contract with the owners of the Program Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The execution and delivery of this Official Statement have been duly authorized by the Agency.

CALIFORNIA HOUSING FINANCE AGENCY

By: 

Timothy Hsu
Financing Risk Manager

Dated: June 5, 2012

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PROPOSED FORM OF LEGAL OPINION

Upon the Release of the Program Bonds, Bond Counsel proposes to issue an opinion in substantially the following form:

California Housing Finance Agency
Sacramento, California

We have acted as Bond Counsel to the California Housing Finance Agency (the "Agency"), and in such capacity we have examined a record of proceedings in connection with the Release (as defined below) of a portion of the proceeds of the Agency's Residential Mortgage Revenue Bonds, 2009 Series A (the "2009 Series A Bonds"), in the aggregate principal amount of \$466,115,000, such portion constituting the Agency's Residential Mortgage Revenue Bonds (Separately-Secured Article XIV Bonds), 2009 Series A-5 (the "Program Bonds").

The Program Bonds were issued under and pursuant to (i) Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), (ii) the Residential Mortgage Revenue Bonds Indenture, dated as of December 1, 2009, as amended (the "RMRB General Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"), and (iii) the related Residential Mortgage Revenue Bonds Series Indenture, dated as of December 1, 2009, as amended and supplemented (the "Series Indenture") by and between the Agency and the Trustee. Pursuant to Article XIV of the RMRB General Indenture, which incorporates Exhibit B to the RMRB General Indenture (collectively, the "Separately-Secured General Indenture"; together with Articles I through III of the Series Indenture as modified by Article V of the Series Indenture, the "Separately-Secured Indenture"), the Program Bonds upon the Release shall be treated for all purposes as if issued under the Separately-Secured General Indenture and not under the other Articles of the RMRB General Indenture. The Program Bonds are dated, mature on the dates in the principal amounts, bear interest, if any, and are payable as provided in the Series Indenture. The Program Bonds are subject to redemption prior to maturity in whole or in part, as provided in the Separately-Secured Indenture. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Separately-Secured Indenture. Upon the issuance of the 2009 Series A Bonds, the proceeds thereof, less certain fees, were deposited into an escrow fund. The Agency has elected to cause the release of moneys from such fund, in accordance with the terms of the Separately-Secured Indenture, in an amount corresponding to the aggregate principal amount of the Program Bonds (the "Release").

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the Release in order that interest on the Program Bonds be and remain excluded from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditures of gross proceeds of the Program Bonds, yield and other restrictions on investment of gross proceeds, and the arbitrage

rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Program Bonds to become included in gross income for Federal income tax purposes retroactive to the date of the Release, irrespective of the date on which such noncompliance occurs or is discovered. The Agency has adopted documents with respect to its program (the "Program Documents") that establish procedures under which, if followed, such requirements can be met. The Agency has covenanted in the Separately-Secured Indenture to at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Program Bonds shall not be included in gross income for Federal income tax purposes under the Code. We have relied upon such covenant and have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Separately-Secured Indenture and the Program Documents. In rendering this opinion, we also have relied on certain representations, certification of fact, and statements of the reasonable expectations made by the Agency and others in connection with the Program Bonds.

We are of the opinion that:

(1) The Agency has been duly created and validly exists with good right and lawful authority to perform its obligations in accordance with law and the terms and conditions of the Separately-Secured Indenture.

(2) The Program Bonds have been duly authorized and constitute valid and binding special obligations of the Agency, payable solely from the Revenues and other assets pledged therefor under the Separately-Secured Indenture which shall have been lawfully appropriated therefor.

(3) The Separately-Secured Indenture has been duly authorized, executed and delivered by, and is a valid and binding obligation of, the Agency. The Separately-Secured Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Program Bonds, of the rights, title, and interest of the Agency in, to, and under the Mortgage Loans and Mortgage-Backed Securities, all of the Revenues, all proceeds of the sale of Program Bonds, and all Funds and Accounts (other than the Rebate Fund) and the moneys and securities therein, in each case subject to the provisions of the Separately-Secured Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Separately-Secured Indenture.

(4) The Program Bonds do not constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency, to the extent provided in the Separately-Secured Indenture. 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 the Program Bonds.

(5) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants referred to herein, interest on the Program Bonds (i) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) is

treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code.

(6) Under existing statutes, interest on the Program Bonds is exempt from personal income taxes imposed by the State of California.

We express no opinion regarding any other Federal or state tax consequences with respect to the Program Bonds. We render our opinion under existing statutes and court decisions as of the date of the Release, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Program Bonds, or under state and local tax law. We undertake no responsibility for the accuracy, completeness, or fairness of any official statement or other offering materials relating to the Program Bonds and express herein no opinion relating thereto.

We have assumed, without undertaking to verify, the genuineness of all documents, certificates and opinions presented to us (whether as originals or as copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted, or certified therein, and the due and legal execution thereof by, and the validity against, any parties other than the Agency.

In rendering this opinion, we are advising you that the rights and obligations under the Program Bonds and the Separately-Secured Indenture and their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance, or other laws affecting creditors' rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases, and to limitations on legal remedies. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver, or severability provisions contained in the documents described herein.

Very truly yours,

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CALIFORNIA HOUSING FINANCE AGENCY

OFFICIAL STATEMENT PART 2

Relating to

Residential Mortgage Revenue Bonds

This Part 2 of this Official Statement provides certain information concerning the Agency, the Single-Family Program and the Separately-Secured Bonds in connection with the Release with respect to certain subseries of Separately-Secured Bonds. It contains only a part of the information to be provided by the Agency in connection with such subseries of Separately-Secured Bonds. The terms of such subseries of Separately-Secured Bonds, including the designation, principal amount, authorized denominations, maturity, interest rate and time of payment of interest, redemption provisions, and any other terms or information relating thereto are set forth in Part 1 of this Official Statement with respect to such subseries. Additional information concerning the Agency is contained in Part 1 of this Official Statement. The information contained herein may be supplemented or otherwise modified by Part 1 of this Official Statement and is subject in all respects to the information contained therein.

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OFFICIAL STATEMENT PART 2
of the
CALIFORNIA HOUSING FINANCE AGENCY
relating to
Residential Mortgage Revenue Bonds

INTRODUCTION

The purpose of this Part 2 of this Official Statement, which includes the cover page and the appendices hereto, is to set forth certain information concerning the Agency, the Single-Family Program and the Separately-Secured Bonds in connection with the Release with respect to certain subseries of Separately-Secured Bonds. All capitalized terms used in this Part 2 and not otherwise defined shall have the respective meanings ascribed thereto in Part 1 of this Official Statement.

All references in this Official Statement to the Act, the Separately-Secured General Indenture, and any Series Indenture are qualified in their entirety by reference to each such document, copies of which are available from the Agency, and all references to the Separately-Secured Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Separately-Secured General Indenture, the applicable Series Indenture and this Official Statement.

THE AGENCY

Powers

The Agency was created in 1975 by the Act as a public instrumentality and a political subdivision of the State of California (the "State") within the Business, Transportation and Housing Agency, for the primary purpose of meeting the housing needs of persons and families of low or moderate income. The Agency is authorized to issue its bonds, notes and other obligations for a variety of purposes, including (1) making development loans, construction loans, mortgage loans and property improvement loans to qualified borrowers to finance housing developments and other residential structures; (2) purchasing such loans through qualified mortgage lenders; and (3) making loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used for certain loans.

The Agency may also provide consulting and technical services in connection with the financing of housing developments and may act as a State representative in receiving and allocating federal housing subsidies.

The Act currently provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of \$13,150,000,000, excluding refunding issues and certain taxable securities. As of May 31, 2012, approximately \$6,605,755,576 aggregate principal amount of such bonds and notes were outstanding.

Management

The Agency is administered by the Board, which consists of 11 voting members when all positions are filled. The State Treasurer, the Secretary of the Business, Transportation and Housing Agency, and the Director of the Department of Housing and Community Development, or their designees, are voting ex officio members. Six members are appointed by the Governor and confirmed by the Senate. One member is appointed by the Speaker of the Assembly. One member is appointed by the Senate Rules Committee. All such appointments are for six-year terms. In addition, the Act provides that the Director of the Department of Finance, the Director of the Governor's Office of Planning and Research, and the Executive Director of the Agency shall serve as non-voting ex officio members of the Board. The Chairperson of the Board is selected by the Governor from among his appointees. Members of the Board are:

<u>Name</u>	<u>Term Expires</u>	<u>Principal Occupation</u>
<i>Voting Board Members</i> ^{†, ††}		
Peter N. Carey ^{††}	September 26, 2013	President/Chief Executive Officer, Self-Help Enterprises
Michael A. Gunning	September 26, 2015	Vice President, Personal Insurance Federation of California
Jonathan C. Hunter	November 18, 2013	Managing Director, Region II Corporation for Supportive Housing
Jack Shine	September 26, 2013	Chairman, American Beauty Development Co.
Ruben A. Smith	September 26, 2013	Partner, AlvaradoSmith
Bill Lockyer	*	State Treasurer
Traci Stevens	*	Acting Undersecretary, Business, Transportation and Housing Agency
Linn Warren ^{†††}	*	Director, Department of Housing and Community Development

[†] There are currently three vacancies on the Board, two of which are to be filled by appointment by the Governor and confirmation by the Senate and one of which is to be filled by appointment by the Speaker of the Assembly.

^{††} Peter N. Carey is currently serving as Acting Board Chair.

^{†††} Subject to confirmation by the Senate.

<u>Name</u>	<u>Term Expires</u>	<u>Principal Occupation</u>
<i>Non-Voting Board Members</i>		
Claudia Cappio	*	Executive Director, California Housing Finance Agency
Ana Matosantos	*	Director, Department of Finance
Ken Alex	*	Director, Governor's Office of Planning and Research

Organization and Staff

The Agency is organized into the following divisions under the Executive Director: Single Family, Multifamily Programs, Financing, Fiscal Services, Office of General Counsel, Legislative, Marketing, Administration, Information Technology, and Asset Management.

The Single Family Division is responsible for directing and administering all of the Agency's single family lending programs, servicing of single family loans, directing and administering the single family loan portfolio, including quality assurance, REO administration, REO sales, loss mitigation, and servicer administration/short sales, and directing and administering mortgage insurance operations.

The Multifamily Programs Division is responsible for underwriting all multifamily direct loans, preparing documentation for loan closings and monitoring the construction of developments financed by direct loans from the Agency. The staff of the Multifamily Programs Division includes loan underwriters, architects and construction inspectors.

The Financing Division is responsible for all of the Agency's financing activities, including the supervision of note and bond sales, issuances and redemptions, cash flow analyses of the Agency's obligations and the investment of the Agency's funds.

The Fiscal Services Division is overseen by the Agency's Comptroller and is responsible for accounting activities, fiscal operations, in-house servicing of loans, and preparation of Agency financial statements.

The Office of General Counsel is responsible for all legal matters that affect the Agency, including review of all contracts and legislation and supervision of loan closings for multifamily developments. The Office of General Counsel also provides legal advice to the Agency's Board of Directors. The office is headed by a General Counsel (such position currently is vacant) and an Assistant General Counsel.

* *ex officio.*

The Legislative Division is responsible for monitoring, tracking, and lobbying legislation impacting the housing arena, both on the State and Federal level.

The Marketing Division is responsible for developing and implementing the Agency's marketing programs and for managing all public information activities such as preparation of the annual report and press releases.

The Administration Division is responsible for directing and administering the Agency's personnel, training, and business services, and preparing the annual budget of the Agency.

The Information Technology Division has responsibility for developing, implementing and maintaining the IT infrastructure and application systems supporting the Agency.

The Asset Management Division is responsible for monitoring the financial and physical status of the Agency's multifamily loan portfolio of 518 projects, as well as occupancy compliance for Section 8 and low income units.

The Agency's senior staff are listed below.

Claudia Cappio, *Executive Director* since April 2011. B.A., Ohio Wesleyan University. Previously: Principal at Sparticles LLC, a planning and development consulting firm (December 2008 – March 2011); City of Oakland – Director of Planning, Building, Major Projects and the Oakland Base Reuse Authority (2000-2007); City of Emeryville Planning and Building Director (1995-2000); City of Albany Planning Director (1985-1995); Town of Corte Madera Planner (1980 – March 1985.)

Margaret Alvarez, *Director of Asset Management* since March 1996. B.A., California State University, Chico. Previously: Asset Management Specialist, Federal Home Loan Mortgage Corporation (1994-1996); Senior Asset Manager, FWC Realty Services Corporation (1987-1993); Property Manager, American Development Corporation (1986-1987); Property Manager, Far West Management Corporation (1980-1986).

Robert L. Deaner II, *Director of Multifamily Programs* since September 2007. BBA, Accounting, Western Michigan University, Kalamazoo. Previously: Vice President and Relationship Manager for US Bank (2006-2007); Pacific National Bank and CW Capital, Vice President, Affordable and Market Rate Housing (2004-2006); Key Bank Real Estate Capital, Vice President, National Multifamily Affordable Housing, (1999-2004); various positions in the affordable housing lending industry (1985-1999).

Kenneth H. Giebel, *Director of Marketing* since September 2002. B.S. and M.B.A., University of Santa Clara. Previously: Senior Marketing Manager at the California Lottery (1996-2002); various marketing positions for private sector corporations and advertising agencies.

Timothy Hsu, *Financing Risk Manager* since January 2005. B.A. Wesleyan University. Previously: Vice President at a major Wall Street investment bank (2003-2004); Financing Officer (2002); Senior Consultant at a leading quantitative consultancy (1995-2001). He earned

the Chartered Financial Analyst designation in 2007, and he earned the Financial Risk Manager designation in 2008.

Howard Iwata, *Director of Administration* since January 2009. B.A., Political Science, U.C. Berkeley. Previously: Bureau Chief, State Controller's Office (2005-2008); Assistant Executive Director, San Francisco Bay Conservation and Development Commission (1997-2005); Division Administrative Officer, Department of Fish and Game (1991-1997); and various administrative positions for a variety of State agencies (1980-1991).

Diane Richardson, *Director of State Legislation* since January 1999. Previously: Deputy Legislative Secretary for Governor Wilson (1998); Director of Legislation for the California Environmental Protection Agency (1997); Deputy Director for Legislation and other positions, Office of Planning and Research (1983-1996); Legislative Aide, California State Assembly (1981-1983).

The positions of Chief Deputy Director, Director of Single Family Division and Director of Mortgage Insurance are currently vacant. These positions must ultimately be filled by appointment by the Governor.

The position of Comptroller is currently vacant. Howard Iwata, Director of Administration, is currently fulfilling the day-to-day duties of the Comptroller as Acting Director of Fiscal Services.

The position of Chief Information Officer is currently vacant. Liane Morgan, a Senior Programmer Analyst with the Agency, is currently fulfilling the day-to-day duties of the Chief Information Officer as Acting Chief Information Officer. This position must ultimately be filled by appointment by the Governor.

The position of Director of Finance is currently vacant. Timothy Hsu, Financing Risk Manager, is currently fulfilling the day-to-day duties of the Director of Finance.

The position of General Counsel is currently vacant. Victor James, Assistant General Counsel, is currently fulfilling the day-to-day duties of the General Counsel as Acting General Counsel.

The Agency's principal office is located at 500 Capitol Mall, Suite 1400, Sacramento, California 95814, (916) 322-3991.

SECURITY FOR THE SEPARATELY-SECURED BONDS

Special Obligation; Pledge of the Separately-Secured Indenture

The Separately-Secured Bonds are special obligations of the Agency payable solely from and secured by the Pledged Property. The Agency has no taxing power. The Separately-Secured 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 Separately-Secured Bonds. The issuance of the Separately-Secured 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.

See the definition of Pledged Property under “Summary of Certain Provisions of the Separately-Secured General Indenture — Certain Defined Terms.”

See “Certain Investor Considerations” below.

Amounts in the Funds and Accounts may be applied only as provided in the Separately-Secured General Indenture. Amounts in the General Fund may, *however*, at the request of the Agency, be withdrawn free and clear of the pledge of the Separately-Secured General Indenture if permitted pursuant to a Cash Flow Statement filed with the Trustee. See “Summary of Certain Provisions of the Separately-Secured General Indenture — Cash Flow Statements.”

Mortgage Loans and Mortgage-Backed Securities

Under the Separately-Secured General Indenture, there are no general requirements for the characteristics of Mortgage Loans, Mortgage-Backed Securities or Underlying Mortgage Loans other than as set forth in the definitions of such terms under “Summary of Certain Provisions of the Separately-Secured General Indenture — Certain Defined Terms.” The Separately-Secured General Indenture provides that certain requirements and certain matters with respect to Mortgage Loans, Mortgage-Backed Securities and Underlying Mortgage Loans (the “Series Program Determinations”) be determined (or provisions for determining the Series Program Determinations at certain specified times in the future be set forth) with respect to each Series of Separately-Secured Bonds that will finance Mortgage Loans or Mortgage-Backed Securities in the Series Indenture authorizing the issuance of such Series (or, if each Rating Agency has confirmed that doing so will not adversely affect the then-existing rating of the Separately-Secured Bonds by such Rating Agency, pursuant to an Agency Request).

The Agency does not anticipate financing any new Mortgage Loans or Mortgage-Backed Securities with proceeds of the Program Bonds.

For certain information regarding the Program Bonds Mortgage Loans and Mortgage-Backed Securities, see Appendix A to this Part 2.

Each of the Program Bonds Mortgage Loans and each of the loans (the “Program Bonds Underlying Mortgage Loans”) underlying the Program Bonds Mortgage-Backed Securities (1) was purchased or made by the Agency with respect to a single dwelling unit owned by a mortgagor (a “Borrower”) pursuant to and in accordance with the Act, the Single-Family Program (defined below) and Section 143 of the Code, and (2) is evidenced by a promissory note and secured by a deed of trust, mortgage or other similar instrument or instruments creating a first lien, subject only to ad valorem real estate taxes and assessments.

Each of the Program Bonds Mortgage-Backed Securities is issued by Fannie Mae or guaranteed by the Government National Mortgage Association (“GNMA”).

The Program Bonds Mortgage Loans are participations in mortgage loans. Pursuant to a participation agreement, a portion of each principal payment (including a prepayment) of each such mortgage loan, corresponding to the percentage of the original purchase price of such mortgage loan financed by the Refunded Bonds, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder of each principal payment (including a prepayment) will be allocated to the Agency's Home Mortgage Revenue Bonds indenture. Pursuant to such participation agreement, a portion (which may be all, some or none) of each interest payment on each such mortgage loan, corresponding to a specified percentage for such mortgage loan set forth in the participation agreement, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder (if any) of each interest payment will be allocated to the Agency's Home Mortgage Revenue Bonds indenture. Such participation agreement provides that amounts received in connection with the liquidation of each mortgage upon default through foreclosure or other sale, mortgage insurance and hazard insurance proceeds and condemnation awards shall be treated as principal for purposes of the participation agreement. See Exhibit A to this Part 2 for information concerning groups of Program Bonds Mortgage Loans consisting of participations in mortgage loans, including the respective mortgage loan interest rates and the respective yields to the Separately-Secured Indenture of such groups of Program Bonds Mortgage Loans.

The Program Bonds Mortgage-Backed Securities are participations in mortgage-backed securities. Pursuant to the applicable participation agreement, a portion of each principal payment (including a prepayment) of each such mortgage-backed security, corresponding to the percentage of the original purchase price of such mortgage-backed security financed by the Refunded Bonds, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder of each principal payment (including a prepayment) will be allocated either solely to the Agency's Home Mortgage Revenue Bonds indenture or to such indenture and the RMRB General Indenture, as set forth in the applicable participation agreement. In the case of such mortgage-backed securities in which the RMRB General Indenture holds a participation interest, the entire amount of each interest distribution will be allocated to the RMRB General Indenture. In the case of mortgage-backed securities in which only the Separately-Secured Indenture and the Agency's Home Mortgage Revenue Bonds indenture hold participation interests, a portion (which may be all, some or none) of each interest distribution, corresponding to a specified percentage for such mortgage-backed security set forth in the applicable participation agreement, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder (if any) of each interest payment will be allocated to the Agency's Home Mortgage Revenue Bonds indenture. See Exhibit A and Exhibit C to this Part 2 for information concerning Program Bonds Mortgage-Backed Securities that are participations in mortgage-backed securities, including the respective mortgage-backed security pass-through rates and the percentages of interest distributions thereon to be allocated to the Separately-Secured Indenture.

The Program Bonds Mortgage Loans consist of 30-year fully amortizing loans with substantially level monthly payments ("30 Year Loans"), 40-year fully amortizing loans with substantially level monthly payments ("40 Year Loans") and 35-year loans the terms of which provide for interest-only payments to be made during the first five years and provide for full amortization over the 30 years thereafter with substantially level monthly payments ("35 Year Loans"). For information concerning the respective percentages of the Program Bonds Mortgage

Loans (as a percentage of the principal amount thereof) that are 30 Year Loans, 40 Year Loans, and 35 Year Loans, and for information concerning the amortization start dates for 35 Year Loans, see Appendix A— “Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund.” Such information reflects the original terms of the respective loans. Loan modifications undertaken in connection with loan servicing may include extension of maturity and amortization. See “The Single-Family Program — Loan Servicing — Conventional Loan Modifications.”

All of the Program Bonds Mortgage Loans were originated by qualified lenders (the “Lenders”), and are serviced by a Lender, an Agency-approved servicer or the Agency.

Each Program Bonds Underlying Mortgage Loan (other than certain earlier-originated Program Bonds Underlying Mortgage Loans underlying GNMA Mortgage-Backed Securities currently serviced by Bank of America, N.A.) was originated either (i) pursuant to the Agency’s CalHFA/Fannie Mae Pilot HomeChoice Program (“HomeChoice Underlying Mortgage Loans”) or (ii) pursuant to the Agency’s general requirements for Mortgage-Backed Securities issued after 2007 (“Program Underlying Mortgage Loans”). Mortgage-Backed Securities backed by HomeChoice Underlying Mortgage Loans are referred to herein as “HomeChoice Mortgage-Backed Securities” and Mortgage-Backed Securities backed by Program Underlying Mortgage Loans are referred to herein as “Program Mortgage-Backed Securities.” The HomeChoice Mortgage-Backed Securities were issued pursuant to a Pooling Agreement, dated as of September 3, 2002 (the “Guild Master Servicing Agreement”) between the Agency and Guild Mortgage Company (“Guild”). The Program Mortgage-Backed Securities were issued pursuant to a California Housing Finance Agency MBS Program Servicing Agreement, dated as of July 3, 2007 (the “Countrywide Servicing Agreement”), among the Agency, U.S. Bank National Association and Countrywide Home Loans, Inc. or pursuant to such agreement as subsequently amended and restated. Effective January 1, 2008, the Countrywide Servicing Agreement was assigned to Countrywide Bank, FSB (“Countrywide Bank”), and thereafter the parties executed an Amended and Restated California Housing Finance Agency MBS Program Servicing Agreement, dated as of July 8, 2008, among the Agency, U.S. Bank National Association and Countrywide Bank. Thereafter, on April 27, 2009, Bank of America, N.A., by merger, became the successor to Countrywide Bank, and on February 10, 2010, the Agency, U.S. Bank National Association and Bank of America, N.A. executed an Amended and Restated California Housing Finance Agency MBS Program Servicing Agreement (the “Bank of America Master Servicing Agreement”). The Guild Master Servicing Agreement and the Bank of America Master Servicing Agreement are referred to herein as the “MBS Master Servicing Agreements” and Guild and Bank of America, N.A. are referred to herein each as an “MBS Master Servicer” and collectively as the “MBS Master Servicers.” See “The Single-Family Program.”

Each Program Bonds Mortgage Loan is either (1) insured by the Federal Housing Administration of the Department of Housing and Urban Development of the United States of America or any successor agency of the United States of America (“FHA”) (an “FHA Insurance Policy”), (2) guaranteed by the United States Veterans Administration (“VA”) (a “VA Guaranty”), (3) guaranteed by the United States Department of Agriculture Rural Development (“RD”) (an “RD Guaranty”), (4) the subject of a policy of mortgage insurance (“Agency Mortgage Insurance”) of the California Housing Loan Insurance Fund administered by the Agency (the “Insurance Fund”), (5) not the subject of any mortgage insurance because it was

originated without such insurance, or (6) not the subject of any mortgage insurance because such insurance has been cancelled by the borrower pursuant to federal law or Agency policy. See “The Single-Family Program — Mortgage Insurance.”

The following table presents the principal balance and percentage (by principal balance) of Program Bonds Mortgage Loans in each such category as of February 29, 2012 (such loans do not include the Program Bonds Underlying Mortgage Loans).

<u>Insurance or Guaranty Category</u>	<u>Principal Balance of Mortgage Loans</u>	<u>Percentage of Mortgage Loans by Principal Balance</u>
<u>Federal Insurance or Guaranty</u>		
FHA Insurance	\$161,185,031	36.73%
VA Guaranty	3,021,425	0.69%
RD Guaranty	2,837,293	0.65%
<u>Conventional Loans</u>		
<i>With Mortgage Insurance:</i>		
Agency’s Insurance Fund	133,809,966	30.49%
<i>Without Mortgage Insurance:</i>		
Originated with No Mortgage Insurance	107,489,945	24.49%
Mortgage Insurance Cancelled	30,484,452	6.95%

The Agency purchased each Program Bonds Mortgage Loan pursuant to a Mortgage Purchase and Servicing Agreement between the applicable Lender and the Agency. Each Mortgage Purchase and Servicing Agreement provides that if the mortgage loan does not meet certain requirements, including those of Section 143 (“Section 143”) of the Internal Revenue Code of 1986, as amended (the “Code”), if applicable, the Agency may require the Lender either to cure the defect, if possible, or repurchase the Mortgage Loan at par plus accrued interest. There can be no assurance that Lenders will be able to repurchase such mortgage loans. See “Certain Investor Considerations — Insolvency of a Lender or Servicer.” However, each FHA Insurance Policy, each VA Guaranty and each RD Guaranty will provide coverage for losses incurred in connection with certain nonmonetary defaults, including violations of the covenants required by Section 143.

Each Program Bonds Underlying Mortgage Loan was delivered by the applicable Lender to the applicable MBS Master Servicer. Pursuant to the MBS Master Servicing Agreements, the MBS Master Servicers purchased such Program Bonds Underlying Mortgage Loans and, as applicable, either (1) caused Fannie Mae to issue and guarantee Mortgage-Backed Securities backed by Program Bonds Underlying Mortgage Loans and sell such Mortgage-Backed Securities to the Agency, or (2) issued Mortgage-Backed Securities backed by Program Bonds Underlying Mortgage Loans, caused GNMA to guarantee such Mortgage-Backed Securities, and sold such Mortgage-Backed Securities to the Agency. Each MBS Master Servicing Agreement provides that if a Program Bonds Underlying Mortgage Loan does not meet certain requirements, including those of Section 143 of the Code, if applicable, the Agency may require the MBS Master Servicer to take all necessary and appropriate action to remove such Program Bonds Underlying Mortgage Loan from the pool backing a Mortgage-Backed Security. There can be no assurance that the MBS Master Servicers will be able to cause such removal.

Overcollateralization Fund

For certain information with respect to the Overcollateralization Fund Loans and Securities, see Appendix B to this Part 2.

The Overcollateralization Fund Loans and Securities with an aggregate principal balance as of February 29, 2012 of approximately \$49,257,892 and approximately \$700,000 cash to be contributed by the Agency on or about the Release Date with respect to the Program Bonds will be deposited in the Overcollateralization Fund established in the Acquisition Fund under the Separately-Secured Indenture.

The Overcollateralization Fund Loans and Securities constitute Mortgage Loans and Mortgage-Backed Securities, respectively, under the Separately-Secured Indenture, and payments (including Principal Prepayments) thereon, and earnings on the investment of amounts in the Overcollateralization Fund, constitute Revenues to be applied pursuant to the Separately-Secured Indenture. (See “Summary of Certain Provisions of the Separately-Secured General Indenture — Revenue Fund; Application of Revenues” and Part 1 “The Program Bonds — Redemption — Mandatory Redemption from Principal Prepayments.”) Amounts on deposit in the Overcollateralization Fund are to be invested in Investment Obligations. (See “Summary of Certain Provisions of the Separately-Secured General Indenture — Security for Deposits; Investment of Moneys.”) *However*, the Program Bonds Series Indenture provides that, notwithstanding the foregoing, the lien and pledge of the Separately-Secured Indenture shall no longer apply to assets (including Overcollateralization Fund Loans and Securities) on deposit in the Overcollateralization Fund, and such assets may be released to the Agency free and clear of such lien and pledge, if each Rating Agency has confirmed that such release, in and of itself, will not adversely affect the then-existing rating of the Separately-Secured Bonds by such Rating Agency.

The Overcollateralization Fund Single-Family Loans

Each of the Overcollateralization Fund Single-Family Loans (1) was purchased or made by the Agency with respect to a single dwelling unit owned by a Borrower pursuant to and in accordance with the Act, the Single-Family Program and Section 143 of the Code, and (2) is evidenced by a promissory note and secured by a deed of trust, mortgage or other similar instrument or instruments creating a first lien, subject only to ad valorem real estate taxes and assessments.

Certain Overcollateralization Fund Single-Family Loans are participations in loans. Pursuant to a participation agreement, a portion of each principal payment (including a prepayment) of each loan, corresponding to a specified percentage for such loan set forth in the participation agreement, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder of each principal payment (including a prepayment) will be allocated to the Agency’s Home Mortgage Revenue Bonds indenture. Pursuant to such participation agreement, a portion (which may be all, some or none) of each interest payment on each such mortgage loan, corresponding to a specified percentage for such mortgage loan set forth in the participation agreement, will be allocated to the Program Bonds and received by the Trustee under the Separately-Secured Indenture, and the remainder (if any)

of each interest payment will be allocated to the Agency's Home Mortgage Revenue Bonds indenture. Such participation agreement provides that amounts received in connection with the liquidation of each mortgage upon default through foreclosure or other sale, mortgage insurance and hazard insurance proceeds and condemnation awards shall be treated as principal for purposes of the participation agreement. See Appendix B to this Part 2 for information concerning groups of Overcollateralization Fund Single-Family Loans that include participations in mortgage loans, including the respective mortgage loan interest rates and the respective yields to the Separately-Secured Indenture of such groups of Overcollateralization Fund Single-Family Loans.

All of the Overcollateralization Fund Single-Family Loans are 30 Year Loans. Such information reflects the original terms of the respective loans. Loan modifications undertaken in connection with loan servicing may include extension of maturity and amortization. See "The Single-Family Program — Loan Servicing — Conventional Loan Modifications."

All of the Overcollateralization Fund Single-Family Loans were originated by Lenders and are serviced by a Lender, an Agency-approved servicer or the Agency.

Each Overcollateralization Fund Single-Family Loan is either (1) insured by FHA, (2) guaranteed by VA, (3) the subject of a policy of Agency Mortgage Insurance, (4) not the subject of any mortgage insurance because it was originated without such insurance, or (5) not the subject of any mortgage insurance because such insurance has been cancelled by the borrower pursuant to federal law or Agency policy. See "The Single-Family Program — Mortgage Insurance."

The following table presents the principal balance and percentage (by principal balance) of Overcollateralization Fund Single-Family Loans in each such category as of February 29, 2012.

<u>Insurance or Guaranty Category</u>	<u>Principal Balance of Loans</u>	<u>Percentage of Loans (by Principal Balance)</u>
<u>Federal Insurance or Guaranty</u>		
FHA Insurance	\$18,779,163	74.23%
VA Guaranty	2,475,147	9.78%
<u>Conventional Loans</u>		
<i>With Mortgage Insurance:</i>		
Agency's Insurance Fund	1,219,272	4.82%
<i>Without Mortgage Insurance:</i>		
Originated with No Mortgage Insurance	208,277	0.82%
Mortgage Insurance Cancelled	2,619,192	10.35%

The Agency purchased each Overcollateralization Fund Single-Family Loan pursuant to a Mortgage Purchase and Servicing Agreement between the applicable Lender and the Agency. Each Mortgage Purchase and Servicing Agreement provides that if the mortgage loan does not meet certain requirements, the Agency may require the Lender either to cure the defect, if possible, or repurchase the loan at par plus accrued interest. There can be no assurance that Lenders will be able to repurchase such mortgage loans. See "Certain Investor Considerations — Insolvency of a Lender or Servicer." However, each FHA Insurance Policy and each VA Guaranty will provide coverage for losses incurred in connection with certain nonmonetary defaults.

The Overcollateralization Fund Multifamily Loans and the Overcollateralization Fund Multifamily Securities

Each Overcollateralization Fund Multifamily Loan and each of the loans underlying the Overcollateralization Fund Multifamily Securities was made to provide permanent financing for the construction or acquisition and rehabilitation of a multifamily rental housing development.

Each Overcollateralization Fund Multifamily Security is a multifamily mortgage-backed security issued by Fannie Mae. See "Fannie Mae Mortgage-Backed Securities" and Appendix B — "Overcollateralization Fund Loans and Securities."

Certain of the Overcollateralization Fund Multifamily Loans are the subject of FHA insurance pursuant to the Risk Sharing Act. See "Multifamily Mortgage Insurance under the Risk Sharing Act" and Appendix B — "Overcollateralization Fund Loans and Securities." Other Overcollateralization Fund Multifamily Loans are the subject of FHA insurance pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended, and the related developments are the subject of contracts pursuant to Section 8 of the United States Housing Act of 1937, as amended, that have been renewed following the initial expiration thereof and provide for housing assistance payments for specified terms, subject to annual federal appropriations. See Appendix B — "Overcollateralization Fund Loans and Securities."

Debt Reserve Fund; Loan Loss Fund; Supplementary Reserve Fund

The Separately-Secured General Indenture requires that no Series of Separately-Secured Bonds may be issued unless the amount on deposit in the Debt Reserve Fund is at least equal to the Debt Reserve Requirement. The 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 Separately-Secured Bonds Outstanding in the Series Indentures authorizing the issuance of such Separately-Secured 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 Separately-Secured Bonds by such Rating Agency. With respect to the Program Bonds, the Program Bonds Series Indenture establishes such amount as 3% of the aggregate outstanding principal amount of all Mortgage Loans in the 2009 Series A-5 Account of the Acquisition Fund and in the Overcollateralization Fund (other than multifamily loans), *except* that the Program Bonds Series Indenture provides that, prior to the transfer of proceeds of the Program Bonds to the Agency's Home Mortgage Revenue Bonds indenture to be used to redeem the Refunded Bonds, such amount shall be zero. On July 1, 2012, the Agency expects to deposit cash and Mortgage-Backed Securities in the Debt Reserve Fund in an aggregate amount at least equal to the Debt Reserve Requirement on such date. See "Summary of Certain Provisions of the Separately-Secured General Indenture — Debt Reserve Fund" and Part 1 "Application of Funds."

The Separately-Secured General Indenture requires that no Series of Separately-Secured Bonds may be issued unless the amount on deposit in the Loan Loss Fund is at least equal to the Loan Loss Requirement. The Loan Loss Requirement means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for all Series of Separately-Secured Bonds Outstanding in the Series Indentures authorizing the issuance of such Separately-Secured 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 Separately-Secured Bonds by such Rating Agency. The Program Bonds Series Indenture establishes such amount as zero with respect to the Program Bonds. Currently, there are no amounts on deposit in the Loan Loss Fund. See "Summary of Certain Provisions of the Separately-Secured General Indenture — Loan Loss Fund."

The Agency has not previously transferred any amounts to the Supplementary Reserve Fund. The Program Bonds Series Indenture does not require any transfer to the Supplementary Reserve Fund. See "Summary of Certain Provisions of the Separately-Secured General Indenture — Supplementary Reserve Fund — Series Accounts."

Additional Bonds

The Separately-Secured General Indenture provides that the Agency may issue additional Separately-Secured Bonds, including refunding Separately-Secured Bonds ("Additional Separately-Secured Bonds"). See "Summary of Certain Provisions of the Separately-Secured General Indenture — Issuance of Separately-Secured Bonds." The Separately-Secured General Indenture also provides that the Agency, so long as any Separately-Secured Bonds shall be Outstanding, shall not issue any other obligations 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 such lien or charge on the Pledged Property. However, under the Separately-Secured General Indenture

the Agency shall not be prevented from issuing any obligations that are payable from or secured by a lien on and pledge of the Pledged Property so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the General Resolution.

Additional Separately-Secured Bonds may have interest payment dates that differ from such dates for the Program Bonds.

Cash Flow Statements

The Separately-Secured General Indenture provides that, while any Separately-Secured Bonds are Outstanding, the Agency shall file with the Trustee a Cash Flow Statement (i) whenever any Series of Separately-Secured Bonds is issued, if the most recently filed Cash Flow Statement was filed more than twelve months prior to the date of issuance; (ii) at least once during each Fiscal Year; (iii) upon purchase or redemption of Separately-Secured 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 for payment to the Agency free and clear of the lien of the Separately-Secured Indenture.

See “Summary of Certain Provisions of the Separately-Secured General Indenture — Cash Flow Statements.”

THE SINGLE-FAMILY PROGRAM

The following provides certain information concerning the single-family loan program operated by the Agency when the Program Bonds Mortgage Loans and the Overcollateralization Fund Single-Family Mortgage Loans were originated (the “Single-Family Program”).

General

The purpose of the Single-Family Program was to assist low- and moderate-income homebuyers to purchase newly constructed and existing, moderately priced, single family homes by providing mortgage loans at below-market interest rates. The primary objectives of the Single-Family Program were: (1) to enable low and moderate income persons and families to purchase homes on affordable terms; (2) to make available home mortgage financing in mortgage deficient areas; and (3) to stimulate the housing construction industry by making attractive permanent mortgage financing available through Lenders, home builders and developers.

The Code and other applicable law impose substantial requirements with respect to bonds issued to finance single-family, owner-occupied housing or issued to refund bonds that were issued for such purpose. These requirements must be satisfied with respect to the Program Bonds in order for interest on such Separately-Secured Bonds to be excluded from gross income for federal income tax purposes. The Agency structured the Single-Family Program to comply with such requirements and established procedures under which the Agency expects such requirements to be met.

Income Limits

The federal income limits for Borrowers in one or two person households generally were set at 100% of county or State median income and for Borrowers in three or more person households generally were set at 115% of county or State median income (except for Borrowers purchasing homes within Targeted Areas, for whom the limits generally were 120% and 140%, respectively, of the applicable median income, and for Borrowers purchasing homes in “high housing cost areas” for whom certain income limit adjustments may be established in accordance with the Code). The Agency established income limits for Borrowers at 100% of the federal income limits.

Eligible Homes and Sales Prices

Eligible homes were permitted to be either newly constructed or existing single-family residences located anywhere in the State. Single-family residences include detached housing in standard subdivisions and planned unit developments built using conventional construction techniques, as well as manufactured housing units on permanent foundations. Attached housing includes individual units, ranging in size from zero to three bedrooms, located primarily in low-rise condominiums and attached planned unit developments with homeowners associations to support maintenance of the common areas.

The Agency established Sales Price limits using a formula based on FHA loan limits for each area in compliance with Internal Revenue Service guidelines and procedures. The limits for each such category of residences for each county were calculated at 90% (110% in Targeted Areas) of the higher of either (i) the Average Area Purchase Prices determined by the survey, or (ii) the “Safe Harbor” limits published pursuant to the Code, in each case with respect to residences in such category. Separate limits were published for newly constructed and resale residences for both Targeted and Non-targeted areas for each county. Sales Prices within such limits so established were equal to or less than those imposed by the Code.

The Agency offered subordinate loans from its available funds or administered the offering of loans or grants under various State-sponsored programs, subject to borrower eligibility. Any such loans and related liens are subordinate to the first lien Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans.

Loan Origination

Origination, Delivery and Purchase of Eligible Mortgage Loans

The Mortgage Purchase and Servicing Agreement incorporated by reference the Lenders Program Manual and Servicer’s Guide and contained certain Lender representations and warranties with respect to each mortgage loan made thereunder, including:

- (i) The factual circumstances concerning the mortgage loan conform to the requirements of Section 143, unless the Agency approves an exception to such requirements;

- (ii) The Borrower is an eligible Borrower under the Single-Family Program and the Lenders Program Manual;
- (iii) The Borrower has no defenses against payment of the mortgage loan;
- (iv) There exists a valid hazard insurance policy against fire and similar risks on the residence in an amount equal to the replacement cost of the improvements, periodically adjusted for inflation;
- (v) The mortgage loan conforms with applicable laws and local regulations;
- (vi) Title insurance requirements of the Single-Family Program have been met;
- (vii) The mortgage loan will have a term to maturity, bear interest at such rate and be payable in such amounts as are required under the Single-Family Program;
- (viii) There are no delinquencies or defaults under the mortgage loan;
- (ix) There are no superior liens on the residence for which a mortgage loan has been made other than those for current taxes not yet due or payable, or certain other assessments or encumbrances not affecting marketability of title; and
- (x) The Note and Deed of Trust contain language which prohibits the transfer of the mortgage loan except under the circumstances and subject to the conditions specified in the Lenders Program Manual and Servicer's Guide.

In the event that any one or more of the representations made by a Borrower or a Lender is untrue as to any mortgage loan, or in the event of any default or breach by a Lender of the terms and conditions of the Mortgage Purchase and Servicing Agreement or any of the Single-Family Program documents, the Lender, at the option of the Agency, must repurchase the mortgage loan for the outstanding principal balance plus accrued interest if such defect cannot be cured within 60 days in the case of a misrepresentation or negligence by a Lender, or within 150 days in the case of a misrepresentation by a Borrower or the negligence or misrepresentation of an originator other than the Lender. There can be no assurance that a Lender will be able to perform its obligation to repurchase any nonconforming mortgage loans. See "Certain Investor Considerations — Insolvency of a Lender or Servicer."

The Mortgage Purchase and Servicing Agreement permitted the builder, seller or purchaser of the home to temporarily "buy down" the Borrower's monthly mortgage payments. The Single-Family Program required that the change in each Borrower's mortgage interest rate not exceed one percent (1%) from year-to-year during the "buy-down" period, which period could be as long as three years.

The Mortgage Purchase and Servicing Agreement required that Lenders use best efforts to originate mortgage loans in accordance with the terms of the Mortgage Purchase and Servicing Agreement, the Act, any posted underwriting guidelines on the Agency's website, the Lenders Program Manual and Servicer's Guide, applicable Program Bulletins and, unless the Agency approves an exception, Section 143. In accordance with such requirements, unless the

Agency approves an exception, each mortgage loan originated by a Lender was required to be made to a Borrower (i) who intended to occupy the residence financed by such mortgage loan as such Borrower's principal place of residence (and not in a trade or business or as an investment property or recreational home) within 60 days after the date of such mortgage loan, (ii) who had not had a present ownership interest in a principal residence at any time during the three years preceding the date of the mortgage loan (except for mortgage loans made for residences located in Targeted Areas or, under certain circumstances, to veterans or for the refinancing of an existing mortgage loan), and (iii) whose maximum household income did not exceed the income limits of the Single-Family Program and Section 143. In addition, the purchase price (or, in certain circumstances, market value) of a home was not to exceed the sale price limits established by the Agency which are within the applicable limits set by the Code.

The Lenders solicited and received from Borrowers applications for mortgage loans. After the loan application was submitted to the Lender by a Borrower, the Lender would request a reservation from the Agency. The Single-Family Program Documents provided that each Borrower was required to furnish the Lender with such documentary evidence as would establish to the Lender's satisfaction that a mortgage loan to such Borrower would comply with all requirements of the Single-Family Program. In addition to obtaining the required documentary evidence from the Borrowers, the Lender also was required to verify the accuracy of such information by undertaking a review of such documentation and other supporting materials to determine their completeness and internal consistency by establishing such procedures as may be necessary to verify adequate information contained in such application.

Documentary evidence that the Lender was required to obtain from Borrowers includes, but is not limited to, an affidavit setting forth the information required to establish such Borrower's eligibility for a mortgage loan under the Single-Family Program, and, to the extent available, such other documentation and supporting materials which verify the information contained in the application such as the Borrower's federal income tax returns for the prior three (3) years, current wage statements, purchase contracts and any other appropriate corroborative materials. Each affidavit also described the consequences to the Borrower of any material misstatements made therein, which, under the Single-Family Program, include a default and acceleration of the mortgage loan, and, potentially, civil or criminal penalties such as a fine or jail sentence. The Single-Family Program Documents provided that, in the event that the described documentation is unavailable or inappropriate in any particular case, the Lender was to require such potential Borrower to furnish such other independent corroborative evidence as would be necessary, in the Lender's opinion, to assure the Lender that a mortgage loan to such potential Borrower would comply with all Program requirements. The Single-Family Program Documents provided that, if the Lender determined, in its discretion, that the evidence produced by a potential Borrower was in any respect inadequate, inconclusive, inconsistent or incomplete or failed in any other respect to adequately establish a potential Borrower's eligibility for a mortgage loan, the Lender would not originate a mortgage loan to such potential Borrower.

Prior to the origination of a mortgage loan that was to receive FHA Insurance, a VA Guaranty, an RD Guaranty or primary mortgage insurance from the Agency's Insurance Fund, a Lender would submit a mortgage loan package to FHA, VA, RD or Agency Insurance Fund staff, as appropriate, for credit underwriting in order to obtain insurance approval. The Lender would forward to the Agency a completed mortgage loan application package of items not

previously submitted for the Agency's conditional approval prior to closing. The Agency would determine whether the proposed mortgage loan met the requirements of the Single-Family Program by evaluating, among other things, the amount of the proposed mortgage loan, the purchase price or value of the single family residence being purchased or refinanced, whether such residence is located in a Targeted Area or rural area and the income of the potential Borrower. The Agency would review all of the documents delivered to determine compliance with the Single-Family Program requirements, for internal consistency and to determine whether the Borrower is eligible under the Act and (with certain exceptions) Section 143, the acquisition cost or value is within limitations established under Section 143 and the real estate which will be the subject of the mortgage loan produces no income other than incidentally. In the case of a conventional uninsured mortgage loan, with a loan-to-value ratio at origination of 80% or less, the Agency would underwrite the credit and appraisal. When the Agency determined that the proposed mortgage loan met the requirements of the Single-Family Program, it would notify the Lender of its conditional approval. After the Lender secured a conditional approval for a mortgage loan from the Agency, the Lender was permitted to close and fund the mortgage loan. The Agency purchased Mortgage Loans that had related security instruments recorded in the name of Mortgage Electronic Registration Systems, Inc. ("MERS") in connection with the registration of such mortgage loans on the MERS system. Such mortgage loans were assigned to the Agency, and the Agency is the beneficiary of such security instruments through the MERS system.

If any representation made by a Lender proves to be untrue when made or at the time of delivery of a mortgage loan, or if at any time a mortgage loan is determined by the Agency not to meet the requirements of Section 143, or if a Lender defaults in the observance of any conditions of the mortgage loan, then the Agency is entitled under the Mortgage Purchase and Servicing Agreement to rescind the purchase of the mortgage loan and to require the Lender to repurchase the mortgage loan at its then outstanding principal amount plus accrued interest if such defect cannot be cured within 60 days in the case of a misrepresentation or negligence by a Lender, or within 150 days in the case of a misrepresentation by a Borrower or the negligence or misrepresentation of an originator other than the Lender. If, after delivery of a mortgage loan, the Agency discovers any substantial error or defect which could invalidate or jeopardize the lien securing the mortgage loan, the Agency is entitled under the Mortgage Purchase and Servicing Agreement to require the Lender to cure the same and, failing such cure, is entitled under the Mortgage Purchase and Servicing Agreement to rescind the purchase of the mortgage loan and require its repurchase as described above. See "Certain Investor Considerations — Insolvency of a Lender or Servicer."

Loan Servicing

Pursuant to the Mortgage Purchase and Servicing Agreement, a Lender, unless otherwise instructed or agreed to by the Agency, agreed to undertake the servicing of mortgage loans sold by it to the Agency. Lenders may enter into agreements to service release to the Agency or an Agency-approved servicer mortgage loans meeting the requirements of the Single-Family Program. Lenders may also enter into agreements with servicers to provide for servicing of mortgage loans in accordance with Program requirements. Both Lenders and Agency-approved servicers with such servicing arrangements retain full responsibility for servicing requirements under the Single-Family Program. The Agency, Agency-approved servicers and Lenders

performing servicing functions are, hereinafter, referred to as “Servicers” and each as a “Servicer.” In addition to the other terms summarized below, such Mortgage Purchase and Servicing Agreement (and any such servicing agreement (a “Servicing Agreement”) with an Agency-approved Servicer) provides for a servicing fee of not more than .30% per annum of the outstanding principal amount of fixed rate mortgage loans insured under mortgage insurance from the Agency’s Insurance Fund and .375% per annum of the outstanding principal amount of fixed rate mortgage loans insured under an FHA Insurance Policy or guaranteed by the VA or RD, in each case, subject to change at the discretion of the Agency (which amounts are withheld by the Servicer from interest payments received from the Borrower), and provides that the Servicer may retain all late charges.

Servicing includes collection and periodic remittance to the Agency or its designated depository of all payments made on the mortgage loans, less amounts to be held in escrow for taxes, assessments, hazard insurance premiums and any applicable mortgage insurance premiums. The Servicer’s obligation to cause hazard insurance premiums and any applicable mortgage insurance premiums to be maintained is absolute, regardless of any failure of the Borrower to pay in timely fashion any required premiums. The Mortgage Purchase and Servicing Agreement or Servicing Agreement, as applicable, also provides, among other things, that the Servicer will notify the Agency of any mortgage loan which is in arrears of any taxes, assessments, water rates or other governmental or municipal charges for which escrow payments are not provided and which have not been paid in a timely manner by the Borrower, or of any vacancy, of which the Servicer learns, of the single family residence. The Servicer agrees to service mortgage loans in accordance with acceptable practices of prudent lending institutions. The Mortgage Purchase and Servicing Agreement or Servicing Agreement, as applicable, contemplates that the Servicer will act for the Agency, at the Agency’s expense, in any foreclosure or similar proceedings, in which case the Agency shall reimburse the Servicer for necessary costs and expenses of foreclosure to the extent that they are not covered by any applicable insurance.

The Servicer must comply with all requirements of the FHA Insurance Policy, VA Guaranty, RD Guaranty or Agency Mortgage Insurance with respect to mortgage loans and must maintain in effect at all times, and at the Servicer’s expense, a fidelity bond (or direct surety bond) and an errors and omissions policy on a policy form covering all officers, employees and other persons duly authorized by the Servicer to act on behalf of the Servicer for the Agency.

The Servicer is responsible for maintaining hazard insurance meeting the requirements set forth in the Servicer’s Guide on each mortgage loan it services. The Servicer must indemnify the Agency for any loss suffered by the Agency as a result of failure to maintain such hazard insurance or any applicable private mortgage insurance. The Servicer must take such appropriate action with respect to delinquencies as it would take with respect to loans serviced for others or held for its own account. Mortgage loans which are 60 or more days past due shall be reported to the Agency. The Servicer is also under a continuing obligation to perform all acts required of it under the Mortgage Purchase and Servicing Agreement to ensure that interest on the applicable tax-exempt bonds remains exempt from federal income taxes.

The Agency also reserves the right to service Program Bonds Mortgage Loans directly and, as of February 29, 2012, was servicing 4,660 such loans (approximately 50.943% of such

loans, by principal amount). When it services a mortgage loan, the Agency is subject to all relevant terms of the Mortgage Purchase and Servicing Agreement summarized above.

Assumption of Loans

The Single-Family Program allows assumptions of mortgage loans by subsequent transferees provided that the proposed transferees meet the requirements of Section 143 (if applicable), the Lenders Program Manual and the Servicer's Guide, including the requirements that the mortgage loan remain eligible for insurance under the applicable mortgage insurance and that the proposed transferee meets the Agency's income and purchase price limitations at the time of transfer.

Conventional Loan Modifications

The Agency operates a loan modification program (the "Agency Conventional Loan Modification Program") for mortgage loans provided by the Agency. To be eligible for the Agency Conventional Loan Modification Program, a mortgage must be a first lien loan that is not insured by FHA or guaranteed by VA or RD and does not underlie a mortgage-backed security, the borrower must demonstrate financial hardship, and the loan and borrower must meet certain additional underwriting criteria. Loan modifications may include extension of maturity and amortization up to 40 years and temporary reduction in the mortgage rate to no less than 3.0%, but may not include reductions in principal owed. As of February 29, 2012, the Agency had modified 608 loans with an aggregate unpaid principal balance of approximately \$173.58 million (including 476 Program Bonds Mortgage Loans with an aggregate unpaid principal balance of approximately \$13.48 million) and had modified another 93 loans that as of such date were no longer outstanding. In addition, the Agency in the future may determine to permit the Agency's outside servicers to participate in modifications of such mortgage loans pursuant to the Home Affordable Modification Program of the United States Department of the Treasury.

Mortgage Insurance and Guaranty Programs

Certain Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans are insured by FHA under an FHA Insurance Policy, guaranteed by VA under a VA Guaranty, guaranteed by RD under an RD Guaranty or insured by the Agency's Insurance Fund under an Agency Mortgage Insurance policy. The following provides certain information with respect to such mortgage insurance and guarantee programs.

Current Agency policy (which is consistent with the provisions of the Homeowners Protection Act of 1998) requires that borrower-paid mortgage insurance (other than certain federal mortgage insurance such as an FHA Insurance Policy or a VA Guaranty), including mortgage insurance provided by a private mortgage insurer, on certain residential mortgages be terminated or cancelled under the circumstances described in this paragraph and upon satisfaction of certain conditions, including the condition that the mortgagor be then current on the payments required by the terms of the mortgage. Such borrower paid mortgage insurance is automatically terminated on the date on which the principal balance of the mortgage is first scheduled to reach 78% of the original value of the property securing the mortgage. Additionally, such borrower paid mortgage insurance is cancelled at the request of the mortgagor.

on the date on which the principal balance of the mortgage is first scheduled to reach or first reaches 80% of the original value of the property securing the mortgage.

Mortgage Insurance Provided by the Agency

The Insurance Fund was created by the Act as a housing loan insurance fund to be administered by the Agency and to be held separately from the Agency's other funds.

While the Insurance Fund is subject to the same California statutory requirements as private mortgage insurance companies with respect to the maintenance of policyholders' surpluses, certain investment policies and reserve certifications, the Insurance Fund is exempt from regulatory control by the State of California Department of Insurance.

The Insurance Fund insured Agency loans under the Single-Family Program and other programs of the Agency, as well as non-Agency loans. As of February 29, 2012, the Insurance Fund was insuring Agency loans (including Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans as well as mortgage loans not pledged to the Separately-Secured Bonds) with an aggregate principal balance of approximately \$1.57 billion.

Agency Mortgage Insurance provided by the Agency from the Insurance Fund, with respect to those Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans subject to such insurance, provides for coverage of losses of up to a specified percentage, generally 35% of the outstanding principal amount of the particular mortgage loan. (There will be no HMRB Indenture Supplemental Coverage (defined below under "Certain Investor Considerations—Risks Relating to the Insurance Fund") with respect to the Program Bonds Mortgage Loans upon their being pledged to the payment of the Separately-Secured Bonds following the refunding of the Refunded Bonds, nor is there any HMRB Indenture Supplemental Coverage with respect to Overcollateralization Fund Single-Family Loans.)

Policies of Agency Mortgage Insurance contain provisions permitting the parties to settle claims in any mutually agreed way. No payment for a loss will be made unless the property financed by the defaulted mortgage loan is in the same condition as when the mortgage loan was originally insured, subject to reasonable wear and tear. Agency Mortgage Insurance will not cover damage to the insured property by reason of earthquake.

On March 1, 2003, the Agency as administrator of the Insurance Fund entered into a reinsurance agreement (the "Genworth Reinsurance Agreement") with Genworth Mortgage Insurance Corporation ("Genworth") (formerly known as General Electric Mortgage Insurance Corporation) under which Genworth will reinsure eligible qualified mortgage loans of specified types meeting specified underwriting standards insured by the Insurance Fund each year for a reinsurance term ending ten years from the beginning of the year of origination (the "Genworth Reinsured Loans"). The Genworth Reinsurance Agreement provides for annual renewals of reinsurance thereafter unless otherwise elected by the Agency or Genworth, but provides that no reinsurance term shall be renewed to be effective after March 1, 2013 unless otherwise agreed by the Agency and Genworth. Under the Genworth Reinsurance Agreement, the Insurance Fund retains a 25% share of the insured risk under the primary mortgage insurance coverage written on any Genworth Reinsured Loan and Genworth retains the remaining 75% of insured risk. The

Insurance Fund retains 31% to 35.5% of all premiums collected for Mortgage Insurance on Genworth Reinsured Loans and Genworth receives the remainder of such premiums. The Genworth Reinsurance Agreement includes provisions that permit Genworth to deduct amounts due from the Insurance Fund thereunder from amounts due to the Insurance Fund. The Genworth Reinsurance Agreement may be terminated in the event of a default thereunder. The Genworth Reinsurance Agreement provides that nothing therein shall be construed to create any third party beneficiary or enforcement rights thereunder.

See “Certain Investor Considerations—Risks Relating to the Insurance Fund.”

Federal Housing Administration Mortgage Insurance

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects, depending primarily upon whether the mortgaged premises contain five or more dwelling units or fewer than five such units and whether the premises are designed for occupancy by low and moderate income families. The FHA imposes loan-to-value ratio limitations and other requirements on all single family mortgage loans it insures. Under the Section 203(b) program, which is the most widely used FHA insurance program, FHA insures mortgage loans of up to 30 years (up to 35 years for mortgage loans on newly constructed dwellings meeting certain HUD requirements) in duration for the purchase of one-to-four family dwelling units.

The regulations governing all of the FHA programs under which the Agency’s mortgage loans may be insured provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to HUD. The FHA insurance that may be provided under these programs upon conveyance of the mortgaged premises to HUD is equal to one hundred percent (100%) of the outstanding principal balance of the mortgage loan, plus interest at the rate explained below, and certain additional costs and expenses.

FHA requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances.

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash, unless the mortgage holder specifically requests payment in debentures issued by HUD. Under others, HUD has the option, at its discretion, to pay insurance claims in cash or in debentures. The current HUD policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. Should HUD debentures be issued in satisfaction of FHA insurance claims, they will bear interest from the date of issue, payable semiannually to January 1 and July 1 of each year at the rate in effect as of the day FHA commitment was issued, or as of the date of the initial insurance endorsement of the mortgage loan, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of default by the mortgagor, which, under HUD regulations, will occur no less than 60 days after the due date of

the last mortgage payment made, and the mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed a specified percentage (with respect to certain later-originated loans, determined based upon the mortgagee's loss mitigation performance) of the mortgagee's foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself shall bear interest from the date of default, or, where applicable, the date of assignment, to the date of payment of the claim at an interest rate equal to the applicable HUD debenture interest rate or, with respect to certain later-originated loans, the monthly average yield, for the month in which the default occurred, on United States Treasury securities adjusted to a constant maturity of ten years.

When any property to be conveyed to HUD or subject to be assigned to HUD has been damaged by fire, earthquake, flood or tornado, it is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage holder prior to such conveyance or assignment. The effect of this requirement, together with the absence of any requirement for earthquake insurance, is that FHA insurance will not protect the Agency to the extent of any damage to the insured property by reason of earthquake.

To obtain title to and possession of the property upon foreclosure, the Agency will pursue its rights under the power of sale contained in the deed of trust or mortgage, subject to the constraints imposed by California law (see "The Single-Family Program — Foreclosure Proceedings" below) and by HUD.

Department of Veterans Affairs Guaranty Program

The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances his or her spouse) to obtain a mortgage loan guaranteed by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to thirty years and thirty-two days in duration.

Claims for the payment of a VA Guaranty may be submitted when any default of the mortgagor continues for a period of three months, or for more than one month on an extended loan or on a term loan. A guaranty may be paid without the mortgagee instituting foreclosure proceedings or otherwise acquiring title. A mortgagee intending to institute foreclosure proceedings cannot do so until 30 days after notifying the Secretary of the Department of Veterans Affairs of its intention by registered mail. The maximum VA guaranty on a loan is the lesser of (i) the veteran's available entitlement (a maximum of \$36,000, or if the original loan amount exceeds \$144,000, the "maximum guarantee amount" described below) or (ii) (a) 50% of the original loan amount if such amount does not exceed \$45,000, (b) \$22,500 if the original loan amount is between \$45,000 and \$56,250, (c) the lesser of \$36,000 or 40% of the original loan amount if such amount is between \$56,250 and \$144,000 or (d) the lesser of the "maximum guarantee amount" described below or 25% of the original loan amount if such amount is in

excess of \$144,000. For loans originated before December 10, 2004 such “maximum guarantee amount” was \$60,000 and for loans originated on or after December 10, 2004 and before July 30, 2008 such “maximum guarantee amount” was 25% of the Freddie Mac conforming loan limit for a single family residence. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty.

In the event of a default in the payment of a VA loan, but prior to a suit or foreclosure, the VA may, at its option, pay to a mortgage holder the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security. VA also requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances.

To obtain title to and possession of the property upon foreclosure, the Agency will pursue its rights under the power of sale contained in the deed of trust or mortgage, subject to the constraints imposed by California law (see “The Single-Family Program — Foreclosure Proceedings” below) and by VA.

United States Department of Agriculture Rural Development Guaranty Program

RD permits a low or moderate income purchaser of a home in designated rural areas to obtain a mortgage loan guarantee from RD. To qualify as a low or moderate income purchaser, a purchaser’s income must not exceed the median income for the area in which the home is located. Loans may not exceed FHA 203(b)(2) loan limits. No down payment is required from the purchaser.

Under the RD Guaranty program, the mortgagee is entitled to payment of the guarantee only after (i) the property has been sold at foreclosure or otherwise sold to a third party in conformity with RD requirements or (ii) six months have elapsed from the date the mortgagee acquired title to the property. RD guarantees the first 35% of loss and 85% of any additional loss, not to exceed 90% of the loan amount. Loss is defined as (i) the outstanding principal balance and accrued interest of the mortgage loan as of the date of the loss claim settlement, plus reasonable liquidation costs, minus (ii) net proceeds, which are calculated based upon (A) a property’s actual sale price, when the claim is made following sale to a third party, and (B) estimated market value, reduced by a credit for estimated holding costs, when no sale has been made within six months from the date the mortgagee acquired title to the property. A mortgagee seeking loss claim payment following sale of a property at foreclosure may be required to first pursue enforcement of any deficiency judgment obtained if there is a reasonable prospect of present recovery. A mortgagee that receives a loss claim payment based upon the estimated value of a property not sold within six months following acquisition may be required to pay RD a proportionate share of future recovery if the property is later sold for more than the estimated value. RD requires that, in the absence of the consent of the mortgagor, payment of the mortgage loan must be at least 90 days delinquent before the mortgagee may initiate foreclosure proceedings. The mortgagee must obtain prior RD approval for any liquidation of the property other than by foreclosure or accepting a deed in lieu of foreclosure. RD also requires that the mortgagee make a reasonable attempt to arrange an interview with the mortgagor before payment on the mortgage loan becomes 60 days delinquent, and requires that

the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances with prior RD approval. RD does not accept assignment of property subject to its guarantee.

To obtain title to and possession of the property upon foreclosure, the Agency will pursue its rights under the power of sale contained in the deed of trust or mortgage, subject to the constraints imposed by California law (see “The Single-Family Program — Foreclosure Proceedings” below) and by RD.

Certain Insurance Requirements

Title Insurance

The Agency required at the time of purchase of each mortgage loan that the mortgage be covered by a valid and subsisting title insurance policy, the benefits of which run to the Agency and the Trustee, as their interests shall appear, on the then-current standard American Land Title Association lender’s title insurance form issued by a title insurer licensed to do business in California in an amount at least equal to the original principal balance of the mortgage loan.

Standard Hazard Insurance

Each Lender requires each mortgagor or relevant homeowners’ association to obtain and maintain a standard hazard insurance policy covering loss against fire and other hazards included within the term extended coverage.[†] The extent of the policy’s monetary coverage is required to be in an amount at least equal to the greater of the original principal amount of the mortgage loan (limited by statute as described above) or an amount sufficient to provide that no “coinsurance” clause is applicable, with standard deductibles. In general, the standard form of such policy covers physical damage to or destruction of the improvements on the insured property by fire, lightning, explosion, smoke, windstorm and hail, flood (if applicable), riot, strike and civil commotion, subject to the conditions and exclusions particularized in each policy. All amounts collected by the Trustee or the Agency under any standard hazard insurance policy will constitute Revenues and will be deposited in the Revenue Fund.

A standard hazard insurance policy typically contains a “coinsurance” clause which requires the insured at all times to carry insurance of a specified percentage of the full replacement value of the improvements on the property in order to recover the full amount of any partial loss. If the insured’s coverage falls below the specified percentage, then the insurer’s liability in the event of partial loss would not exceed the larger of (1) the actual cash value (generally defined as replacement cost at the time and place of loss, less physical depreciation) of the improvements damaged or destroyed or (2) such proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of such improvements. Although standard hazard insurance is required in an amount sufficient to avoid application of the coinsurance clause, if a standard hazard insurance policy is not maintained in

[†] In addition, less than 1.2% of all homes securing Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans are the subject of certain pool special hazard insurance policies.

the amount required by the Deed of Trust, the effect of coinsurance in the event of partial loss may be that standard hazard insurance proceeds will be insufficient to restore fully the damaged property.

Flood Insurance

Each Borrower receiving a mortgage loan with respect to a residence situated in a flood hazard area was required to obtain and is required to maintain flood insurance purchased from the National Flood Insurance Association.

Earthquake Insurance

Borrowers under the Single-Family Program were not required purchase or maintain policies of earthquake insurance. For each mortgage loan financing a condominium unit, the Agency made certain deposits, in lieu of earthquake insurance coverage, to a reserve account under the Home Mortgage Revenue Bonds Indenture; however, such reserve account is not a source of payment for the Separately-Secured Bonds. The Agency did not fund any account or reserve in lieu of earthquake insurance in connection with the financing of mortgage loans for single-family detached housing.

Uninsured Casualties

Certain risks, including losses attributable to nuclear reaction or radiation or losses caused by hostile or warlike action, or attributable to insurrection, revolution or civil war, are normally not covered by insurance policies described above. To the extent any of such uninsured risks occur or claims do not result in full recoveries or the required insurance is not purchased or maintained with respect to a significant number of Program Bonds Mortgage Loans or Overcollateralization Fund Single-Family Loans, the security for the Separately-Secured Bonds may be materially impaired.

Foreclosure Proceedings

The Agency covenants under the Separately-Secured Indenture, to the extent permitted by law, to enforce all its rights and obligations under and pursuant to the Mortgage Loans.

Deeds of trust are the real property security device most commonly used in the State. Although a deed of trust is similar to a mortgage with power of sale, the deed of trust formally has three parties — an obligor-trustor, a third party grantee called the trustee, and the lender-creditor called the beneficiary. The trustor grants the property, irrevocably until the debt is paid, “in trust, with power of sale” to the trustee to secure payment of the obligation. The trustee’s authority is governed by law, the express provisions of the deed of trust and the directions of the beneficiary.

Although a beneficiary has the option of judicial foreclosure, foreclosure under a deed of trust is accomplished in most cases by a nonjudicial trustee’s sale under the power of sale. To initiate a nonjudicial sale, the trustee must record a notice of default and send a copy to the trustor, to any person who has recorded a request for a copy of a notice of default and notice of sale, to any successor in interest to the trustor, to the beneficiary of any junior deed of trust and

to certain other persons. In the event of certain monetary defaults, the trustor, any successor in interest to the trustor, or any person having a junior lien or encumbrance of record may, during a statutory reinstatement period extending until five business days prior to the date of sale, cure the default by paying the entire amount of the debt then due, exclusive of principal due only because of acceleration upon default, plus costs and expenses actually incurred in enforcing the obligation and statutorily limited attorney's and trustee's fees. Not less than three months after the filing of the notice of default and at least 20 days before the trustee's sale, a notice of sale must be published once a week for three consecutive calendar weeks, posted on the property in a public place, and sent to the trustor, to each person who has requested a copy, to any successor in interest to the trustor and to the beneficiary of any junior deed of trust. At least 20 days prior to the date of sale, the notice of sale must be recorded in the county in which the property is located. Following the sale, neither the trustor nor a junior lienholder has any right of redemption, and the beneficiary may not obtain a deficiency judgment against the trustor.

Under a statute in effect until January 1, 2013 unless extended, a notice of default may not be filed to commence nonjudicial foreclosure of a deed of trust or mortgage recorded in any of the years 2003 through 2007 until 30 days after the beneficiary or mortgagee either contacts the borrower in person or by telephone in order to assess the borrower's financial situation and explore options for the borrower to avoid foreclosure, or completes prescribed steps to demonstrate due diligence in attempting to make such contact.

Courts have imposed general equitable principles upon foreclosure, which are generally designed to mitigate the legal consequences to the borrower of the borrower's defaults under the loan documents. Some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for fair notice require that borrowers under deeds of trust receive notice longer than that prescribed by statute. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust does not involve sufficient state action to afford constitutional protection to the borrower. However, the involvement of the Agency in the acquisition of Program Bonds Mortgage Loans or Overcollateralization Fund Single-Family Loans may constitute "state action," and consequently limit the ability of the Trustee to exercise the nonjudicial foreclosure remedy described above. Therefore, the Agency may only be able to institute judicial foreclosure proceedings.

A judicial foreclosure (an approach which must be taken by the beneficiary where the beneficiary intends to obtain a deficiency judgment if available) is subject to most of the delays and expenses of other lawsuits, sometimes requiring up to several years to complete. Following a judicial foreclosure sale, the trustor or successors in interest may redeem for a period of one year after the sale (or a period of only three months if the proceeds of the foreclosure sale were sufficient to satisfy the entire amount of the debt).

It is possible that losses incurred as a result of default and foreclosure upon Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans will exceed any applicable mortgage insurance coverage, or will exceed claim payments received in respect of such coverage, and in such event the Agency may be unable to pay the principal of and interest on the Separately-Secured Bonds when due. See "The Single-Family Program — Insurance

Requirements for Mortgage Loans” above and “Certain Investor Considerations — Risks Relating to the Insurance Fund” and “— Possible Uninsured Mortgage Losses” below.

Anti-Deficiency Legislation and Other Limitations on Lenders

California has four principal statutory prohibitions that limit the remedies of a beneficiary under a deed of trust. Two statutes limit the beneficiary’s right to obtain a deficiency judgment against the trustor following foreclosure of a deed of trust, one based on the method of foreclosure and the other on the type of debt secured. Under one statute, a deficiency judgment is barred where the foreclosure was accomplished by means of a nonjudicial trustee’s sale. Under the other statute, a deficiency judgment is barred where the foreclosed deed of trust secured a “purchase money” obligation of either of two types: (1) a promissory note in favor of the seller of the property evidencing the balance of the purchase price, or (2) a promissory note in favor of a third-party lender to secure repayment of a loan used to pay all or part of the purchase price of a one-to-four family dwelling occupied, at least in part, by the purchaser. Another statute, commonly known as the “one-action” rule, requires the beneficiary to exhaust the security under the deed of trust by foreclosure and prohibits any personal action against the trustor on the promissory note other than a deficiency judgment following a judicial foreclosure. The fourth statutory provision limits any deficiency judgment obtained by the beneficiary following a judicial sale to the excess of the outstanding debt over the fair market value of the property at the time of sale, thereby preventing a beneficiary from obtaining a large deficiency judgment against the debtor as a result of low bids at the judicial sale. Since the vast majority of mortgages are “purchase money” deeds of trust, it is anticipated that in most instances of defaulted Mortgage Loans the Agency will utilize the nonjudicial foreclosure remedy, if legally permissible, and will not be able to seek deficiency judgments against defaulting obligors even if the judicial foreclosure remedy is utilized.

Other statutory provisions of law, such as federal bankruptcy laws, the Servicemembers Civil Relief Act, and laws giving certain priorities to federal tax liens, may have the effect of delaying enforcement of the lien on a defaulted Mortgage Loan and may in certain circumstances reduce the amount realizable from sale of a foreclosed property.

GNMA MORTGAGE-BACKED SECURITIES

The following summary of GNMA custom-pool, fully-modified single-family mortgage-backed securities (the “GNMA Securities”) and the other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide: GNMA Handbook 5500.3 (the “GNMA Guide”) published by GNMA and to said documents for full and complete statements of their provisions. The procedures described below and the GNMA Guide are those presently in effect and are subject to change at any time by GNMA.

GNMA Mortgage-Backed Securities Programs

GNMA is a wholly-owned corporate instrumentality of the United States of America (the “U.S.”) within the Department of Housing and Urban Development with its principal office in Washington, D.C.

There are two GNMA mortgage-backed securities programs, the GNMA I Program and the GNMA II Program. Each Program Bonds Mortgage-Backed Security that is a GNMA Security was issued under either the GNMA I Program or the GNMA II Program. The principal differences between the two programs pertain to the minimum Mortgage Pool size established by GNMA, the permitted interest rate structure of the mortgages backing the GNMA Securities, and the means of payment of principal of and interest on the GNMA Securities to the holders thereof. Those differences would not affect the availability of Revenues for the payment of principal of and interest on the Separately-Secured Bonds.

Each GNMA Security is backed by a pool (a "Mortgage Pool") consisting of Underlying Mortgage Loans in a minimum aggregate amount of \$1,000,000 (or such lesser amount as may be approved by GNMA). Under the GNMA I Program, the MBS Master Servicer is required to pay to the Trustee, as the holder of the GNMA Securities issued by the MBS Master Servicer, the regular monthly installments of principal and interest on the Underlying Mortgage Loans which back such GNMA Securities (less the MBS Master Servicer's servicing fee, which includes the GNMA guaranty fee). Under the GNMA II Program, the MBS Master Servicer is required to pay such amounts to J.P. Morgan Chase Bank, as Central Paying and Transfer Agent for the GNMA II Program (the "CPTA"), and the CPTA is required to pay to the Trustee, as the holder of the GNMA Security, the regular monthly installments of principal and interest on the Underlying Mortgage Loans backing such GNMA Security. Under either GNMA Program, whether or not the MBS Master Servicer receives such installments, the MBS Master Servicer is required to make such payment, and to transfer any mortgage prepayments received by such MBS Master Servicer in the previous month. GNMA guarantees the timely payment of the principal of and interest on the GNMA Securities.

Underlying Mortgage Loans underlying a particular security issued pursuant to the GNMA I Program (a "GNMA I Security") must have the same annual interest rate. The annual pass-through rate on each GNMA I Security is 0.5% less than the annual interest rate on the Underlying Mortgage Loans included in the Mortgage Pool backing such GNMA I Security. Underlying Mortgage Loans underlying a particular security issued pursuant to the GNMA II Program (a "GNMA II Security") may have annual interest rates that vary from each other by up to 1%. The annual pass-through rate on the GNMA II Securities issued pursuant to the Single-Family Program are 0.5% less than the annual interest rate on the Underlying Mortgage Loans.

GNMA Securities

GNMA is authorized by Section 306(g) of Title II of the National Housing Act to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, a mortgage insured by FHA under the National Housing Act, guaranteed by RD under Section 502 of Title V of the Housing Act of 1949, as amended, or guaranteed by the VA pursuant to the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38 of the United States Code. Said Section 306(g) further provides that ". . . the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an assistant Attorney General of the United States that such guaranties under said Section 306(g) of mortgage-backed securities such as the GNMA-guaranteed Program Bonds

Mortgage-Backed Securities are authorized to be made by GNMA and “. . . would constitute general obligations of the United States backed by its full faith and credit.”

GNMA Borrowing Authority

In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title II of the National Housing Act, may issue its general obligations to the United States Department of the Treasury (the “Treasury”) in an amount outstanding at anyone time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA warrants to the Trustee, as the holder of the GNMA Securities, that, in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on any GNMA Security, it will, if necessary, in accordance with the aforesaid Section 306(d), apply to the Treasury for a loan or loans in amounts sufficient to make such payment.

Servicing of the Underlying Mortgage Loans Securing GNMA Securities

Under the applicable MBS Master Servicing Agreement, the Servicer is responsible for servicing and otherwise administering the Underlying Mortgage Loans in accordance with generally accepted practices of the mortgage lending industry, the GNMA Servicer’s Guide, and the servicing requirements of FHA, VA or RD, as applicable.

The monthly remuneration of the MBS Master Servicer, for servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of the GNMA Securities outstanding. In compliance with GNMA regulations and policies, the total of these servicing and guaranty fees equals 0.50% per annum, for both the GNMA I Securities and the GNMA II Securities under the GNMA Program, calculated on the principal balance of each GNMA Security outstanding on the last day of the month preceding such calculation. Currently, each GNMA Security carries an interest rate that is fixed at 0.50% per annum below the interest rate on the Underlying Mortgage Loans because the servicing and guaranty fee is deducted from payments on the Underlying Mortgage Loans before such payments are forwarded to the Trustee.

It is expected that interest and principal payments on the Underlying Mortgage Loans received by the MBS Master Servicer will be the source of money for payments on the GNMA Securities. If such payments are less than the amount then due, the MBS Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. GNMA guarantees such timely payment in the event of the failure of the MBS Master Servicer to pass through an amount equal to such scheduled payments (whether or not made by the mortgagors).

The MBS Master Servicer will be required to advise GNMA in advance of any impending default on scheduled payments so that GNMA, as guarantor, will be able to continue

such payments as scheduled. However, if such payments are not received as scheduled, the Trustee will have recourse directly to GNMA.

Guaranty Agreement

The GNMA guaranty agreement entered into by GNMA and the applicable MBS Master Servicer (the “GNMA Guaranty Agreement”) provides that, in the event of a default by the MBS Master Servicer, including (i) a request to GNMA to make a payment of principal or interest on a GNMA Security when a mortgagor is in default under his mortgage note, (ii) insolvency of the MBS Master Servicer, or (iii) default by the MBS Master Servicer under any other guaranty agreement with GNMA, GNMA shall have the right, by letter to the MBS Master Servicer, to effect and complete the extinguishment of the MBS Master Servicer’s interest in the Underlying Mortgage Loans, and the Underlying Mortgage Loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Security. In such event the GNMA Guaranty Agreement will provide that on and after the time GNMA directs such a letter of extinguishment to the MBS Master Servicer, GNMA shall be the successor in all respects to the MBS Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and shall be subject to all responsibilities, duties, and liabilities (except the MBS Master Servicer’s indemnification of GNMA), theretofore placed on the MBS Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time, GNMA may enter into an agreement with any other eligible issuer of GNMA securities under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Security.

Payment of Principal of and Interest on the GNMA Securities

Regular monthly installment payments on each GNMA Security are required to begin in the first month following the date of issuance of such GNMA Security. In the case of a GNMA I Security, such payment is to be made to the Trustee on the fifteenth day of each month and, in the case of a GNMA II Security, such payment is required to be mailed by the CPTA to the Trustee on the twentieth day of each month. Each payment will be equal to the aggregate amounts of the scheduled monthly principal and interest payments on each Underlying Mortgage Loan in the Mortgage Pool backing the GNMA Security, less the current monthly servicing and guaranty fees of one-twelfth of 0.50% (in the case of a GNMA I Security or a GNMA II Security under the Agency’s Program) of the outstanding principal balance. In addition, each payment is required to include any principal prepayments on Underlying Mortgage Loans underlying the GNMA Security that were received during the preceding calendar month.

FANNIE MAE MORTGAGE-BACKED SECURITIES

The following includes summaries of certain selected statements made by Fannie Mae in its Single-family MBS Prospectus and Multifamily MBS Prospectus (collectively, the “Fannie Mae Prospectus”) and elsewhere. The following does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Prospectus, the Fannie Mae Selling and Servicing Guides and the other documents referred to herein. Copies of the Fannie Mae Prospectus and Fannie Mae’s most recent annual and quarterly reports and proxy statement are

available without charge from the Vice President for Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: (202) 752-6724).

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits (collectively, "Fannie Mae Reports"). These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a web site (<http://www.sec.gov>) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Agency makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae with the SEC, or any information provided at such web site. The SEC's web site is not part of this Official Statement.

On September 6, 2008, pursuant to the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), Fannie Mae was placed into conservatorship and the Federal Housing Finance Agency (the "FHFA") was appointed conservator. Certain information regarding the Regulatory Reform Act, FHFA's conservatorship of Fannie Mae and related actions of the United States Department of Treasury, and FHFA's powers as conservator or as receiver in the event FHFA is appointed receiver of Fannie Mae pursuant to the Regulatory Reform Act, including powers to transfer and to repudiate obligations with respect to Fannie Mae Securities, may be found in the most recent Fannie Mae Prospectus and Fannie Mae Report.

The Fannie Mae Securities described below and payments of principal and interest on such Fannie Mae Securities are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

Fannie Mae Mortgage-Backed Security Program

Fannie Mae has implemented a mortgage-backed securities program (the "Fannie Mae MBS Program") pursuant to which Fannie Mae issues securities backed by pools of one or more single-family mortgage loans or by pools of one or more multifamily mortgage loans ("Fannie Mae Single-Family Securities" and "Fannie Mae Multifamily Securities," respectively; collectively, "Fannie Mae Securities").

The terms of the Fannie Mae MBS Program are governed by the Fannie Mae Selling and Servicing Guides, as modified by the applicable Pool Purchase Contracts between Fannie Mae and the respective Fannie Mae MBS Program seller-servicers, and the applicable Trust Indenture or Trust Agreement, together with supplements thereto issued by Fannie Mae in connection with each pool.

Fannie Mae Securities

Each Fannie Mae Security represents the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the applicable MBS Master Servicer and identified in records maintained by Fannie Mae. Each Fannie Mae Security carries a pass-through interest rate that is fixed below the interest rate on the mortgage loans in an amount equal to the per annum percentage of the total of the servicing fee and Fannie Mae's guaranty fee.

Fannie Mae guarantees to each Fannie Mae Security trust that Fannie Mae will supplement amounts received by the Fannie Mae Security trust as required to permit the timely distribution to registered holders of the Fannie Mae Security of the amounts described under "Payments on Mortgage Loans; Distributions on Fannie Mae Securities" below.

The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Separately-Secured Bonds would be affected by delinquent payments and defaults on such mortgage loans.

Payments on Mortgage Loans; Distributions on Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Security is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal (whether or not received) due on the mortgage loans in the related pool underlying such Fannie Mae Security during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the month or at Fannie Mae's option, in the case of certain earlier-issued Fannie Mae Securities, the second month preceding the month of such distribution (including as prepaid for this purpose any mortgage loan repurchased by Fannie Mae pursuant to the applicable Trust Indenture or Trust Agreement), (iii) the amount of any partial prepayment of a mortgage loan received in the month (or at Fannie Mae's option, in the case of certain earlier-issued Fannie Mae Securities, the second month) preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date). For purposes of distributions under certain earlier-issued Fannie Mae Securities, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such mortgage loan has been received, whether or not such full amount is equal to the stated principal balance of the mortgage loan.

MULTIFAMILY MORTGAGE INSURANCE UNDER THE RISK-SHARING ACT

Section 542(c) of the Housing and Community Development Act of 1992, as amended (the “Risk-Sharing Act”), authorizes the Secretary of the Department of Housing and Urban Development (“HUD”) to enter into risk-sharing agreements with qualified state or local housing finance agencies (“HFAs”) to enable those HFAs to underwrite and process loans for which HUD will provide mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the “Risk-Sharing Regulations”) pursuant to the Risk-Sharing Act. The Agency has been designated by HUD as a “Qualified HFA” under the Risk-Sharing Act and has entered into a risk-sharing agreement (the “Risk-Sharing Agreement”) with HUD. The following summary is qualified in its entirety by reference to the Risk Sharing Act, the Risk-Sharing Regulations and the Risk Sharing Agreement.

Under the program established by the Risk-Sharing Act (the “Risk-Sharing Program”), a participating HFA retains underwriting, loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, the participating HFA may obtain from HUD an initial claim payment of 100% of the loan’s unpaid principal balance and accrued interest, subject to certain adjustments, as further described below. After a period during which the HFA may work toward curing the default, foreclosure or resale of the related project, losses (if any) are to be calculated and apportioned between the HFA and HUD according to a specified risk-sharing percentage for the mortgage loan (determined at the time of its endorsement for insurance), and the amount of the HFA’s reimbursement obligation to HUD is determined. During the period preceding such final loss settlement, the HFA is to pay HUD interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of initial claim payment. In the case of the Agency, such debenture interest and the Agency’s reimbursement and other payment obligations to HUD under the Risk-Sharing Agreement will not be payable from the assets pledged under the Separately-Secured Indenture.

The Risk-Sharing Regulations define an event of default under a mortgage insured pursuant to the Risk-Sharing Act as (i) a failure to make any payment due under the mortgage or (ii) a failure to perform any other mortgage covenant (which includes covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage). If the default continues to exist at the end of a 30 day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Agency has filed an application for an initial claim payment.

Unless a written extension is granted by HUD, the Agency must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Agency, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Agency certifies that the mortgagor is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days.

The initial claim amount is 100% of the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment (subject to curtailment as described below). HUD must make all claim payments in cash. The initial claim payment from HUD is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment attributable to any such delinquent premiums. The Regulations provide that proceeds of the initial claim payment must be used to retire any bonds or any other financing mechanisms securing the mortgage within 30 days of the initial claim payment, and that any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Agency fails to meet any of the requirements of the Risk-Sharing Regulations concerning claim procedures within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late.

FHA insurance under the Risk Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (i) the corresponding mortgage is paid in full; (ii) the Agency acquires the mortgaged property and notifies the FHA Commissioner that it will not file an insurance claim; (iii) a party other than the Agency acquires the mortgaged property at a foreclosure sale; (iv) the Agency notifies the FHA Commissioner of a voluntary termination; (v) the Agency or its successors commit fraud or make a material misrepresentation to the FHA Commissioner with respect to certain information; (vi) the receipt by the FHA Commissioner of an application for final claims settlement by the Agency; or (vii) the Agency acquires the mortgaged property and fails to make an initial claim.

CERTAIN INVESTOR CONSIDERATIONS

This section of this Official Statement describes certain factors and considerations that may affect the security for the Separately-Secured Bonds. The following discussion is not meant to present an exhaustive list of the risks associated with owning the Program Bonds (and other considerations that may be relevant to particular owners) and does not necessarily reflect the relative importance of the various risks. Owners are advised to consider the following factors and considerations, along with all other information contained or incorporated by reference in this Official Statement, in evaluating the Program Bonds.

Separately-Secured Bonds are Special Limited Obligations

The Separately-Secured Bonds are special limited obligations of the Agency, payable solely from the revenues, assets and properties pledged therefor under the Separately-Secured Indenture. The Agency has no taxing power. The Separately-Secured Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Agency, or a pledge of the faith and credit of the State of California or any such political subdivision, other than the Agency as provided in the Separately-Secured Indenture.

Risks Relating to the Insurance Fund

The Insurance Fund, a separate statutory fund administered by the Agency, provides primary mortgage insurance coverage for certain Program Bonds Mortgage Loans and for certain Overcollateralization Fund Single-Family Loans. See Appendix A — “Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund” and Appendix B — “Overcollateralization Fund Loans and Securities.” Such coverage generally is for approximately 35% of the loan’s unpaid principal balance. (There will be no HMRB Indenture Supplemental Coverage (defined below) with respect to the Program Bonds Mortgage Loans upon their being pledged to the payment of the Separately-Secured Bonds following the refunding of the Refunded Bonds, nor is there any HMRB Indenture Supplemental Coverage with respect to Overcollateralization Fund Single-Family Loans.)

The Insurance Fund also has other liabilities, including primary mortgage insurance coverage provided for certain of the single-family mortgage loans held under the Agency’s Home Mortgage Revenue Bonds Indenture (the “HMRB Indenture”). In addition, for such loans and for other single-family mortgage loans held under the HMRB Indenture that otherwise either would not have mortgage insurance or would have mortgage insurance coverage for less than 50% of the loan’s outstanding principal balance, the Insurance Fund provides supplemental mortgage insurance for the amount necessary to increase combined primary mortgage insurance coverage to 50% of the loan’s outstanding principal balance (“HMRB Indenture Supplemental Coverage”).

As of December 31, 2011, the overall delinquency ratio of mortgage loans in the Agency homeownership portfolio with primary mortgage insurance provided by the Insurance Fund was 19.17%, compared to 20.92% as of December 31, 2010, 22.46% as of December 31, 2009, 12.0% as of December 31, 2008 and 4.90% as of December 31, 2007. Recent recoveries (exclusive of any mortgage insurance payments received) following foreclosures and property dispositions with respect to conventionally-insured HMRB Indenture mortgage loans financed during 2007 indicate that values of the related single-family homes have decreased on average by 51% since 2007.

Genworth currently reinsures 75% of the primary mortgage insurance coverage provided by the Insurance Fund for eligible loans. See “The Single Family Program — Mortgage Insurance and Guaranty Programs — Mortgage Insurance Provided by the Agency” for certain information concerning the Genworth Reinsurance Agreement. A failure by Genworth to cover such reinsurance obligation would increase unreimbursed losses with respect to Mortgage Loans. On May 12, 2011, Moody’s lowered the rating of Genworth to “Ba1” from “Baa2”, with negative outlook. On January 30, 2012, S&P lowered the rating of Genworth to “B” from “BB-”, with negative outlook.

The Agency previously agreed, subject to certain limitations, to indemnify the Insurance Fund for payments made in respect of HMRB Indenture Supplemental Coverage. Such indemnification was payable from certain available funds of the Agency (*i.e.*, moneys in the Housing Finance Fund not otherwise obligated or restricted, but only to the extent made available under an agreement between the Insurance Fund and the Housing Finance Fund, as such agreement may be in effect from time to time). In 2010, the Agency established a cap of

\$135 million on the Housing Finance Fund's HMRB Indenture Supplemental Coverage indemnification payments to the Mortgage Insurance Fund. In August 2011, the cap was reached and, as a result, there will not be any further HMRB Indenture Supplemental Coverage indemnification payments from the Housing Finance Fund to the Insurance Fund.

The Agency also previously extended a line of credit to the Insurance Fund. On June 19, 2009, the Agency reduced such line of credit from \$100 million to \$10 million. Subsequently, following certain downgrades of the Insurance Fund's claims paying ratings by S&P and Moody's, the Agency determined that the line of credit could no longer be drawn on without impairing or otherwise adversely affecting the Agency's issuer credit rating. Consequently, the line of credit from the Housing Finance Fund to the Insurance Fund is no longer available.

The most recent audited financial statements of the Insurance Fund and the most recent unaudited financial statements of the Insurance Fund are available from the Agency by a request in writing at the address of the Agency shown herein. The most recent audited financial statements of the Insurance Fund reflect, at December 31, 2010, total liabilities of \$53,835,352, total assets of \$29,099,884 and a resulting negative fund equity balance (*i.e.*, a deficit) of \$24,735,468. The most recent unaudited financial statements of the Insurance Fund reflect, at September 30, 2011, total liabilities of \$46,746,115, total assets of \$6,530,016 and a resulting negative fund equity balance (*i.e.*, a deficit) of \$40,216,100. On or about September 8, 2011, the Insurance Fund first depleted its available funds to pay claims and expenses. Subsequent to that event, the Insurance Fund has applied its share of premiums received from policies still in force, together with any other available funds received, toward payment of the Insurance Fund's obligations on a "first-in, first-out" basis in the order in which the claims and expenses are received.

On January 23, 2010, S&P downgraded its rating of the Insurance Fund to "CC" from "CCC-" and subsequently withdrew the rating at the request of the Insurance Fund. On August 11, 2011, Moody's downgraded its rating of the Insurance Fund to "C" from "Caa3".

Inability of the Insurance Fund to make timely payment of claims for primary mortgage insurance on the Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans could lead to unreimbursed losses with respect to such loans and negatively affect the security for the Separately-Secured Bonds.

Possible Uninsured Mortgage Losses

If the value of a home that secures a Mortgage Loan being foreclosed has declined substantially since the origination of the Mortgage Loan, the proceeds of any foreclosure sale may not be sufficient to pay foreclosure expenses and the uninsured portion of the amounts due under the Mortgage Loan, resulting in uninsured losses with respect to such Mortgage Loan.

In recent years, many sectors of the California residential real estate market have experienced increasing mortgage loan delinquency and foreclosure rates and declines in the market value of residences.

The overall delinquency ratio of the Agency's homeownership portfolio (including the Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans as well as

loans not held under the Separately-Secured Indenture), as of June 30, 2011, was 14.74%, compared to 17.11% as of June 30, 2010, 14.05% as of June 30, 2009 and 7.02% as of June 30, 2008. Recent recoveries (exclusive of any mortgage insurance payments received) following foreclosures and property dispositions with respect to conventionally-insured HMRB Indenture mortgage loans financed during 2007 indicate that values of the related single-family homes have decreased on average by 51% since 2007.

Different types of Mortgage Loans may experience differing rates of default and foreclosure and differing degrees of uninsured losses. In particular, Mortgage Loans with scheduled payment increases (e.g., 35 Year Loans), high initial loan-to-value ratios or lower initial credit underwriting standards are currently experiencing default and foreclosure rates higher than other types of Mortgage Loans. For example, as of January 31, 2012, across the Agency's portfolio of mortgage loans (including the Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans as well as loans not held under the Separately-Secured Indenture), the total delinquency ratio for 35 Year Loans was 23.02%, as compared to 10.91% for 40 Year Loans and 13.18% for 30 Year Loans. See Appendix A — "Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund" and Appendix B — "Overcollateralization Fund Loans and Securities" for information concerning the respective percentages of Program Bonds Mortgage Loans and Overcollateralization Fund Single-Family Loans that are 30 Year Loans, 40 Year Loans, and 35 Year Loans.

The Agency expects that mortgage loan delinquencies, foreclosures, and losses resulting from declines in real property values in California may cause the Separately-Secured Indenture to sustain substantial uninsured mortgage losses.

Insolvency of a Lender or Servicer

Under certain circumstances, a Lender is obligated to repurchase loans it originated and sold to the Agency, such as when a loan does not meet the requirements of Section 143 of the Code. If the Lender has transferred the servicing of those loans to another Servicer, that Servicer assumes any repurchase obligation to the same extent as Lender. Should a Lender become insolvent, or otherwise be unwilling or incapable of repurchasing a loan upon demand, the Agency would look to the Servicer for the repurchase.

As of February 29, 2012, approximately 50.32% (by principal amount) of Program Bonds Mortgage Loan payments and approximately 85.82% (by principal amount) of Overcollateralization Fund Single-Family Loan payments were collected by mortgage bankers and other lenders acting in their capacities as Servicers under Servicing Agreements, while the remainder were serviced by the Agency. Lists of the Servicers servicing more than five percent in principal amount of Program Bonds Mortgage Loans and of the Servicers servicing more than five percent in principal amount of Overcollateralization Fund Single-Family Loans are included in Appendix A — "Program Bonds Mortgage Loans and Mortgage-Backed Securities Expected to be Deposited in the Acquisition Fund — Servicers of Mortgage Loans" and Appendix B — "Overcollateralization Fund Loans and Securities — Servicers of Mortgage Loans." In addition to its obligations to repurchase loans under certain circumstances, in the case of FHA, VA and RD loans, a Servicer is obligated to purchase foreclosed properties which secured those loan

within ninety (90) days after the Agency takes title to such properties after foreclosure, or deed in lieu of foreclosure. The Servicer then makes claim upon the mortgage insurance or guaranty. Insolvency of a Servicer could prevent a Servicer from meeting its obligations to repurchase loans or to purchase foreclosed properties from the Agency. In the event of bankruptcy proceedings with respect to a Servicer, the bankrupt Servicer could move to reject its Servicing Agreement pursuant to the Bankruptcy Code. This rejection would require the approval of the bankruptcy court, and Agency could raise objections to such rejection. A successful rejection of a Servicing Agreement could result in the Agency being unable to require the Servicer to continue to collect and remit Program Bonds Mortgage Loan and/or Overcollateralization Fund Single-Family Loan payments to the Agency, to provide any default or foreclosure services, to repurchase loans and to purchase foreclosed properties under the Servicing Agreement after the date of rejection. In such event, the Agency may either need to engage a new Servicer or perform servicing itself.

Delay under these circumstances could result in uninsured losses relating to interest accruing on the defaulted Program Bonds Mortgage Loans or Overcollateralization Fund Single-Family Loans and the costs of default and foreclosure proceedings.

On May 14, 2012 GMAC Mortgage, LLC (“GMAC”), one of the Agency’s loan servicers, and related entities, filed for Chapter 11 relief in the U. S. Bankruptcy Court for the Southern District of New York (Case No: 12-12020 (MG) (Jointly Administered)). As of March 31, 2012, GMAC serviced approximately 2.92% of the Agency’s single-family loan portfolio. The Agency expects that this bankruptcy filing will have no material adverse effect on the Program Bonds, or on the Agency’s financial condition.

Risks with Respect to Investment Obligations

Funds and accounts under the Separately-Secured Indenture are permitted to be invested in Investment Obligations. See “Summary of Certain Provisions of the General Indenture — Investment of Funds.” If the obligor on an Investment Obligation should encounter financial problems, payments could be delayed or losses could occur.

Following the transfers of cash to the lien and pledge of the Separately Secured Indenture described in Part 1 “Introduction” and “Application of Funds,” it is expected that such amounts will be invested such that initially (1) approximately \$9.1 million held in funds and accounts under the Separately-Secured Indenture (approximately 96.18% of all moneys held in funds and accounts under the Separately-Secured Indenture) will be invested in the Surplus Money Investment Fund (“SMIF”), a portion of the California Pooled Money Investment Account (“PMIA”) managed by the Treasurer of the State of California (the “Treasurer”); and (2) approximately \$0.365 million held in funds and accounts under the Separately-Secured Indenture (approximately 3.82% of all moneys held in funds and accounts under the Separately-Secured Indenture) will be invested in U.S. government or other government agency security repurchase agreements with U.S. Bank National Association pursuant to which U.S. Bank National Association pays interest on invested amounts at a variable rate and invested amounts may be withdrawn at any time without penalty. See Appendix C to this Part 2 — “Expected Investments” for certain information with respect to such expected initial investments of amounts under the Separately-Secured Indenture. (Such expected investments are in addition to, and the

above-noted expected percentages are calculated as percentages of moneys held in funds and accounts under the Separately-Secured Indenture excluding moneys invested in, the Program Bonds Mortgage Loans and Mortgage-Backed Securities and the Overcollateralization Fund Loans and Securities.) For more information regarding the investment guidelines governing PMIA, contact the Treasurer.

Uncertainties in Mortgage and Real Estate Markets

The mortgage and residential real estate markets periodically face uncertainties that create risk for market participants, including the Agency. General market uncertainties that exist from time to time include interest rate volatility, changes in tolerance for credit risk, unavailability of certain mortgage products, decline or instability in residential real estate values, concerns about the financial health and market participation of Fannie Mae and Freddie Mac and other secondary mortgage market participants, changes in legislative requirements relating to mortgage lending disclosure and the exercise of mortgage remedies, the health of various financial institutions, insurance companies and other market participants and the health of the residential construction industry. Many sectors of the California residential real estate market have recently experienced, to varying degrees, increasing mortgage loan delinquency and foreclosure rates and declines in the market value of residences.

Risks Relating to Assumptions and Projections

Certain information in this Official Statement is based upon projections and assumptions about, among other things, the level of defaults, foreclosures and losses on Mortgage Loans. These projections and assumptions are subject to risks and uncertainties, including risks and uncertainties outside the control of the Agency. The accuracy of such projections and assumptions is subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from such projections and assumptions. Material differences could result in a variety of unpredictable consequences which could adversely affect the ability of the Agency to pay debt service on the Separately-Secured Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE SEPARATELY-SECURED GENERAL INDENTURE

The following is a summary of certain provisions of the Separately-Secured General Indenture. This summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Separately-Secured General Indenture, to which reference is made and copies of which are available from the Trustee or the Agency.

Certain Defined Terms

The following are definitions in summary form of some of the terms contained in the Separately-Secured General Indenture and used therein:

“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” means 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 the Separately-Secured General Indenture, 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).

“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.

“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.

“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 Separately-Secured Bonds, as certified by an Authorized Officer.

“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 Separately-Secured Bonds Outstanding in the Series Indentures authorizing the issuance of such Separately-Secured 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 Separately-Secured 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.

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

“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 Separately-Secured 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 Separately-Secured Bonds in the respective Series Indentures.

“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.

“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.

“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 Separately-Secured Bonds by such Rating Agency; or (xiii) any investments authorized in a Series Indenture authorizing Separately-Secured Bonds, as long as the related Separately-Secured 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 the Separately-Secured

General Indenture 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 Separately-Secured 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 Requirement" means, as of any particular date of calculation, an amount equal to the aggregate of all amounts established for the Series of Separately-Secured Bonds Outstanding in the Series Indentures authorizing the issuance of such Separately-Secured 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 Separately-Secured 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 Separately-Secured 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 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 Separately-Secured Bonds" means, as of any date, all Separately-Secured Bonds theretofore authenticated and delivered by the Trustee under the Separately-Secured Indenture, *except*:

(a) any Separately-Secured Bond, following its maturity date, if sufficient moneys or Government Obligations are held in trust for the owner of such Separately-Secured Bond by the Trustee on such maturity date to pay the principal amount of and accrued interest on such Separately-Secured Bond;

(b) any Separately-Secured Bond canceled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity;

(c) any Separately-Secured Bond deemed paid in accordance with the redemption provisions of the Separately-Secured General Indenture;

(d) any Separately-Secured Bond deemed paid in accordance with the defeasance provisions of the Separately-Secured General Indenture; and

(e) any Separately-Secured Bond in lieu of or in substitution for which another Separately-Secured Bond shall have been authenticated and delivered pursuant to the Separately-Secured General Indenture, unless proof satisfactory to the Trustee is presented that any Separately-Secured Bond for which a Separately-Secured 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 Separately-Secured Bond so substituted and replaced and the Separately-Secured Bond or Separately-Secured 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 Separately-Secured Bonds, Revenues and all other moneys in all Funds (except the Rebate Fund) and Accounts established under the Separately-Secured General Indenture, including the investments, if any, thereof, and the earnings, if any, thereon until applied in accordance with the terms of the Separately-Secured General Indenture; 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 Separately-Secured Bond or Separately-Secured Bonds.

“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.

“Program” means the mortgage finance program of the Agency pursuant to which the Agency will issue the Separately-Secured Bonds and apply the proceeds thereof to finance Mortgage Loans or Mortgage-Backed Securities under the Separately-Secured General Indenture.

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

“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 the Separately-Secured General Indenture, (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 Separately-Secured General Indenture.

“Serial Bonds” means the Separately-Secured Bonds which are not Term Bonds.

“Series Indenture” means an indenture of the Agency authorizing the issuance of a Series of Separately-Secured 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 Separately-Secured 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 Separately-Secured 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 Separately-Secured 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 the Separately-Secured General Indenture.

“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.

“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 Separately-Secured Bonds with respect to which Sinking Fund Requirements have been established.

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

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 the Separately-Secured General Indenture, 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 the Separately-Secured General Indenture.

Separately-Secured General Indenture to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Separately-Secured Bonds issued under the Separately-Secured General Indenture by those who shall own the same from time to time, the Separately-Secured General Indenture shall be deemed to be and shall constitute a contract among the Agency and the owners of the Separately-Secured Bonds. The pledges made in the Separately-Secured General Indenture and the covenants and agreements set forth in the Separately-Secured General Indenture to be performed by the Agency shall be for the equal benefit, protection and security of the owners of any and all of the Separately-Secured 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 Separately-Secured Bonds over any other thereof, except as expressly provided in or permitted by the Separately-Secured General Indenture or by a Series Indenture.

Special Obligation; Pledge of the Separately-Secured Indenture

The Separately-Secured Bonds are special obligations of the Agency payable solely from and secured by the Pledged Property. The Agency has no taxing power. The Separately-Secured 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 Separately-Secured Bonds. The issuance of the Separately-Secured 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.

Issuance of Separately-Secured Bonds

Separately-Secured Bonds may be issued for any lawful authorized purpose, including but not limited to (i) the purchase of Mortgage Loans or Mortgage-Backed Securities, (ii) the making of deposits into Funds established under the Separately-Secured Indenture, or (iii) the refunding of bonds or other obligations issued by the Agency or another issuer.

The Separately-Secured Bonds shall be executed substantially in the form and manner set forth in the Separately-Secured General Indenture and shall be deposited with the Trustee for authentication, but before Separately-Secured 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 the Separately-Secured General Indenture and the Series Indenture for such Series of Separately-Secured Bonds;
- (b) a Bond Counsel's Opinion stating in the opinion of such counsel that the Separately-Secured General Indenture 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 the Separately-Secured General Indenture, conforming to the requirements of the Separately-Secured General Indenture;
- (d) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver said Separately-Secured 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 Separately-Secured Bonds will not adversely affect the then-existing ratings of any of the Separately-Secured Bonds by any Rating Agency.

Simultaneously with the delivery of the Separately-Secured Bonds, the Trustee shall deposit or credit the proceeds of said Separately-Secured 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 Separately-Secured 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.

Refunding Separately-Secured Bonds

Refunding Separately-Secured Bonds of the Agency may be issued under and secured by the Separately-Secured General Indenture 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 Separately-Secured Bonds of any Series, including the payment of any redemption premium (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 Separately-Secured Bonds or refunded Separately-Secured Bonds to the date fixed for their redemption (or purchase) and (iv) any expenses in connection with such refunding. Before any Separately-Secured Bonds shall be issued under the provisions of this paragraph, the Agency shall execute a Series Indenture authorizing the issuance of such Series of Separately-Secured Bonds, fixing the amount and the details thereof and describing the Separately-Secured Bonds to be refunded. Except as may otherwise be provided in the applicable Series Indenture and *except* as to any differences in the maturities thereof or interest payment dates or the rate or rates of interest or the provisions for redemption, such refunding Separately-Secured Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Separately-Secured

General Indenture as all other Separately-Secured Bonds issued under the Separately-Secured General Indenture.

Prior to or simultaneously with the authentication and delivery of such refunding Separately-Secured 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 the Separately-Secured General Indenture and the Series Indenture for such Series of refunding Separately-Secured Bonds;

(b) a Bond Counsel's Opinion stating in the opinion of such counsel that the Separately-Secured General Indenture 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 the Separately-Secured General Indenture, conforming to the requirements of the Separately-Secured General Indenture;

(d) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Separately-Secured 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 Separately-Secured 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 Separately-Secured Bonds to be refunded and the refunding Separately-Secured Bonds;

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

(f) a request and authorization to the Trustee on behalf of the Agency, signed by an Authorized Officer, to authenticate and deliver Separately-Secured 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 Separately-Secured Bonds will not adversely affect the then-existing rating of any of the Separately-Secured Bonds by any Rating Agency.

Issuance of Additional Obligations

The Agency may issue any obligations which are payable from or secured by a lien on and pledge of the Pledged Property, so long as such lien and pledge shall be in all respects subordinate to the lien and pledge created by the Separately-Secured General Indenture.

Separately-Secured Bonds No Longer Outstanding

Separately-Secured Bonds shall no longer be treated as Outstanding (a) if they have been duly called for redemption or irrevocable instructions to call such Separately-Secured 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.

Funds and Accounts

The following Funds and Accounts are created and designated as set forth below:

Bond Proceeds Fund	Redemption Fund
Series Bond Proceeds Accounts	Special Redemption Account
Acquisition Fund	Optional Redemption Account
Series Acquisition Accounts	Expense Fund
Costs of Issuance Fund	Debt Reserve Fund
Series Costs of Issuance Accounts	Loan Loss Fund
Revenue Fund	General Fund
Debt Service Fund	Principal Prepayment Fund
Interest Account	Series Principal Prepayment Accounts
Principal Account	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 Program Bonds Series Indenture establishes an Overcollateralization Fund within the Acquisition Fund. See “Security for the Separately-Secured Bonds — Overcollateralization Fund.”

Bond Proceeds Fund—Series Bond Proceeds Accounts

Upon the issuance of a Series of Separately-Secured Bonds, the Trustee shall establish a Series Account within the Bond Proceeds Fund applicable to such Series of Separately-Secured Bonds and may deposit amounts received in connection with the issuance of such Separately-Secured 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 of such Separately-Secured Bonds.

Acquisition Fund—Series Acquisition Accounts

Upon the issuance of a Series of Separately-Secured 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 Separately-Secured Bonds) within the Acquisition Fund applicable to such Series of Separately-Secured Bonds. 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 Separately-Secured 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 the Separately-Secured General Indenture.

Costs of Issuance Fund—Series Costs of Issuance Accounts

Upon the issuance of a Series of Separately-Secured 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 Separately-Secured Bonds and shall transfer amounts from the Bond Proceeds Fund received in connection with the issuance of such Separately-Secured Bonds into such Account in the amount set forth in the applicable 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 Separately-Secured 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 Costs of Issuance 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.

Revenue Fund; Application of Revenues

All Revenues shall be deposited in the Revenue Fund as received by the Trustee.

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.

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 under the Separately-Secured Indenture and to pay accrued interest with respect to the financing of Mortgage Loans and Mortgage-Backed Securities.

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.

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 Separately-Secured 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 Separately-Secured 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 to the purchase of Separately-Secured Bonds at the times, in the manner and for the purposes set forth in the Separately-Secured General Indenture, to pay principal due on the next succeeding debt service payment date on the Separately-Secured 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, an 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 Separately-Secured 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.

Revenues in the Revenue Fund shall be applied to the purchase of Separately-Secured Bonds at the times, in the manner and for the purposes set forth in the Separately-Secured General Indenture.

Debt Service Fund—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 Separately-Secured Bonds the amounts required for paying the interest on Bonds as such interest becomes due and payable.

Debt Service Fund—Principal Account

The Trustee shall, on each principal payment date, set aside in the Principal Account the amounts required for paying the principal of all Separately-Secured Bonds as such principal becomes due and payable.

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 Separately-Secured Bonds to be redeemed on such date from such Sinking Fund Requirement, then the Trustee may pay a purchase price for any such Separately-Secured Bond in excess of the Redemption Price which would be payable on the next redemption date to the owner of such Separately-Secured 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 Separately-Secured 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.

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

Moneys held for the credit of the Principal Account shall be transferred to the Interest Account pursuant to the Separately-Secured General Indenture.

Redemption Fund

The Trustee shall apply all moneys deposited to the credit of the Special Redemption Account and the Optional Redemption Account to the purchase or redemption of Separately-Secured Bonds issued pursuant to the Separately-Secured General Indenture as follows:

(a) The Trustee, upon the direction of the Agency, shall endeavor to purchase Separately-Secured Bonds or portions of Separately-Secured Bonds then Outstanding, whether or not such Separately-Secured Bonds or portions of such Separately-Secured 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. Such maximum purchase price may be exceeded in accordance with the terms of the Separately-Secured General Indenture. The Trustee shall pay the interest accrued on such Separately-Secured 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 Separately-Secured Bonds have been called for redemption except from moneys other than moneys set aside in the Special Redemption Account or Optional Redemption Account, as applicable, for the redemption of such Separately-Secured Bonds unless such purchase is from the party that has received such notice.

(b) The Trustee, having endeavored to purchase Separately-Secured Bonds pursuant to paragraph (a) above, shall call for redemption on the earliest practicable date on which Separately-Secured 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 Separately-Secured 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 Separately-Secured Bonds as will

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

Moneys held for the credit of the Redemption Fund shall be transferred to the Interest or Principal Account, in that order, pursuant to the Separately-Secured General Indenture.

Any amounts deposited in the Redemption Fund for the redemption of Separately-Secured Bonds which remain on deposit after the payment in full of the Redemption Price of the applicable Separately-Secured 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.

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 Separately-Secured Bonds, Funds, Mortgage Loans and Mortgage-Backed Securities; and

(b) for transfer to the Interest or Principal Accounts, pursuant to the Separately-Secured Indenture; 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.

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, as described under "Deficiencies in Debt Service Fund" below.

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.

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, as described under "Deficiencies in Debt Service Fund" below.

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.

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 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 Separately-Secured 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 Separately-Secured 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 Separately-Secured Bonds;

(vii) to the credit of the Special Redemption Account for redemption or purchase of Separately-Secured 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 the Separately-Secured General Indenture; *provided, however*, that no such payment shall be made under this clause unless permitted pursuant to a Cash Flow Statement filed with the Trustee pursuant to the Separately-Secured General Indenture.

Principal Prepayment Fund—Series Principal Prepayment Accounts

Upon the issuance of a Series of Separately-Secured Bonds the Trustee shall establish a Series Principal Prepayment Account within the Principal Prepayment Fund applicable to such Series of Separately-Secured 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 Account or Principal Account in that order, pursuant to the Separately-Secured Indenture. 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 Separately-Secured 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 Separately-Secured Bonds that financed the Mortgage Loan or Mortgage-Backed Security that was prepaid.

Supplementary Reserve Fund—Series Accounts

Upon the issuance of a Series of Separately-Secured 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 Separately-Secured 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 in the Separately-Secured General Indenture 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 the Separately-Secured General Indenture if each Rating Agency has confirmed that such withdrawal, in and of itself, will not adversely affect the then-existing rating of the Separately-Secured Bonds by such Rating Agency.

The Program Bonds Series Indenture establishes an Overcollateralization Fund within the Supplementary Reserve Fund. See “Security for the Separately-Secured Bonds — Overcollateralization Fund.”

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 Separately-Secured Bonds due and unpaid on such date, 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 Separately-Secured 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:

- (a) Revenue Fund;
- (b) General Fund;
- (c) Optional Redemption Account;
- (d) Principal Prepayment Fund;
- (e) Special Redemption Account;
- (f) Loan Loss Fund;
- (g) Expense Fund;
- (h) 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 Separately-Secured Bonds from gross income of the Owners thereof for Federal income tax purposes);
- (i) 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 Separately-Secured Bonds from gross income of the Owners thereof for Federal income tax purposes);
- (j) Costs of Issuance Fund;
- (k) Debt Reserve Fund;
- (l) Principal Account;
- (m) Acquisition Fund (if the Bond Counsel's Opinion referred to in (h) above has not been received); and
- (n) Bond Proceeds Fund (if the Bond Counsel's Opinion referred to in (i) above has not been received).

Security for Deposits; Investment of Moneys

All amounts held by the Trustee under the Separately-Secured General Indenture, except as otherwise expressly provided in the Separately-Secured General Indenture, shall be held in trust.

Moneys deposited for the credit of the Funds and Accounts under the Separately-Secured General Indenture shall, as nearly as may be practicable, be continuously invested and 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 Separately-Secured Bonds and shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, with the objective that sufficient moneys will be available for the purposes intended.

Any Investment Obligations purchased as investment of moneys in any such Fund or Account shall be deemed at all times to be part of such Fund or Account. Any interest paid as cash, amortization of discount received as cash, or gain received as cash on the investment in any Fund or Account (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. 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.

Cash Flow Statements

The Separately-Secured General Indenture provides that, while any Separately-Secured Bonds are Outstanding, the Agency shall file with the Trustee a Cash Flow Statement (i) whenever any Series of Separately-Secured 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 Separately-Secured Bonds issued under the Separately-Secured General Indenture); (ii) at least once during each Fiscal Year; (iii) upon purchase or redemption of Separately-Secured 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 for payment to the Agency free and clear of the lien of the Separately-Secured Indenture.

The Separately-Secured General Indenture provides that 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 Separately-Secured Bonds are scheduled to be Outstanding that, as of each date on which principal or interest will be due on Separately-Secured Bonds in each such Fiscal Year, (x) Pledged Property then expected to be on deposit in the Funds and Accounts maintained under the Separately-Secured General Indenture will be at least equal to all amounts required by the Separately-Secured General Indenture to be on deposit in such Funds and Accounts for the timely payment of Separately-Secured 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 Pledged Property on deposit in all Funds and Accounts under the Separately-Secured General Indenture, 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 Separately-Secured Bonds Outstanding plus accrued interest.

The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based. The Separately-Secured General Indenture requires that a Cash Flow Statement assume that all amounts held under the Separately-Secured General Indenture 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 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 Separately-Secured Bonds. In addition, the Separately-Secured General Indenture provides that, in preparing a Cash Flow Statement, the Agency shall utilize with respect to Separately-Secured Bonds the cash flow assumptions and tests required by the Rating Agencies in order to obtain or maintain a rating on the Separately-Secured Bonds.

The Separately-Secured General Indenture provides that 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.

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 the Separately-Secured General Indenture during such Fiscal Year, the Agency shall not be in default under the Separately-Secured General Indenture but shall take all reasonable actions to eliminate such deficiency.

Tax Covenants

The Agency shall at all times comply with the applicable tax covenants contained in any applicable Series Indenture. 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.

The Agency covenants and agrees that it will not make or permit any use of the proceeds of the Separately-Secured Bonds which, if such use had been reasonably expected on the day of the issuance of Separately-Secured Bonds, the interest on which is excluded from gross income under the Code, would have caused the Tax-Exempt 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.

Enforcement of Rights Under Mortgage Loans and Mortgage-Backed Securities

To the extent permitted by law, the Agency 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 pursuant to the provisions of the Separately-Secured General Indenture described under “Enforcement of Remedies” below, whether or not an Event of Default exists under the Separately-Secured General Indenture. Notwithstanding the foregoing, the Trustee is under no obligation to service the Mortgage Loans or Underlying Mortgage Loans.

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.

Books and Records

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 under the Separately-Secured General Indenture, and such books shall be available for inspection by the Agency and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

On or before the tenth business day of each month the Trustee shall furnish to the Agency a statement of the Agency's revenues and expenditures and of the changes in its fund balances during the previous month.

The Agency shall keep proper books of record and account for all its transactions, other than those recorded in the books maintained by the Trustee described above, and such books shall be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Annual Audit and Report

Within 120 days of the end of each June 30 (the period from the immediately preceding July 1 to and including June 30, the "reporting period"), the Agency shall furnish to the Trustee (i) a statement of its revenues, expenses and of the changes in net assets during the previous reporting period, certified to by an Accountant, (ii) a report of its activities during the previous reporting period, 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 reporting period (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).

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.

Events of Default

Each of the following events constitutes an Event of Default under the Separately-Secured General Indenture:

- (i) payment of the principal or Redemption Price of any of the Separately-Secured Bonds (other than subordinated Separately-Secured 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 Separately-Secured 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 Separately-Secured Bonds or in the Separately-Secured General Indenture and such default continues for 90 days after written notice requiring 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 25% in aggregate principal amount of the Separately-Secured 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.

Acceleration of Maturity

Upon the happening and continuance of any Event of Default, then and in every such case (*except* as may be limited in a Series Indenture with respect to covenants set forth in such Series Indenture), the Trustee may and, subject to the Trustee's right to indemnification, upon the written direction of the owners of not less than 51% in aggregate principal amount of Separately-Secured Bonds then Outstanding, shall, by notice in writing to the Agency, declare the principal of all the Separately-Secured 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 Separately-Secured Bonds or in the Separately-Secured General Indenture to the contrary notwithstanding. The Trustee may, and upon the written request of the owners of not less than 51% in aggregate principal amount of the Separately-Secured 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.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default under the Separately-Secured General Indenture, then and in every such case the Trustee may, and upon the written direction of the owners of not less than 25% in aggregate principal amount of the Separately-Secured Bonds then Outstanding shall, proceed, subject to the right of the Trustee to indemnification, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under the Separately-Secured General Indenture for the specific performance of any covenant or agreement contained in the Separately-Secured General Indenture or in aid or execution of any power granted in the Separately-Secured General Indenture 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 the Separately-Secured General Indenture, the Trustee shall be entitled to sue for, enforce payment of and recover judgment for any and all amounts then or after any default becoming, and at any time remaining, due from the Agency for principal of the Separately-Secured Bonds, premium, if any, on the Separately-Secured Bonds, interest on the Separately-Secured Bonds or otherwise and unpaid, with, to the extent permitted by the applicable law, interest on overdue payments of principal of the Separately-Secured Bonds and of interest on the Separately-Secured Bonds at the rate or rates of interest specified in the Separately-Secured Bonds, together with any and all costs and expenses.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to the right of indemnification, if requested in writing by the owners of not less than 25% in aggregate principal amount of the Separately-Secured 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 the Separately-Secured General Indenture or of any resolution authorizing the Separately-Secured 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 the Separately-Secured General Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the owners of the Separately-Secured 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.

Pro Rata Application of Funds

Anything in the Separately-Secured General Indenture to the contrary notwithstanding, any time the money in the Funds and Accounts maintained under the Separately-Secured General Indenture shall not be sufficient to pay the principal of or interest on the Separately-Secured Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the Separately-Secured General Indenture) such money, together with any

money then available, or thereafter becoming available for such purpose, shall be applied, following the satisfaction of any payments due to the Trustee, as follows:

(i) If the principal on the Separately-Secured 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 Separately-Secured Bonds other than subordinated Separately-Secured 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 installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto as owners of Separately-Secured Bonds other than subordinated Separately-Secured Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Separately-Secured Bonds other than subordinated Separately-Secured Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Separately-Secured Bonds other than subordinated Separately-Secured Bonds which shall have become due and payable (*except* Separately-Secured Bonds other than subordinated Separately-Secured Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Separately-Secured General Indenture) in the order of their stated payment dates, with interest on the principal amount of such Separately-Secured Bonds other than subordinated Separately-Secured Bonds at the respective rates specified therein from the respective dates upon which such Separately-Secured Bonds other than subordinated Separately-Secured Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Separately-Secured Bonds other than subordinated Separately-Secured 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 Separately-Secured Bonds other than subordinated Separately-Secured 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 Separately-Secured Bonds other than subordinated Separately-Secured Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Separately-Secured Bonds other than subordinated Separately-Secured Bonds;

THIRD: to the payment when due of the interest on and the principal of the Separately-Secured Bonds other than subordinated Separately-Secured Bonds, to the purchase and retirement of Separately-Secured Bonds other than subordinated Separately-Secured Bonds and to the redemption of the Separately-Secured Bonds other than subordinated Separately-Secured Bonds;

FOURTH: to the payment to the persons entitled thereto of interest on subordinated Separately-Secured 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 Separately-Secured Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Separately-Secured Bonds;

FIFTH: to the payment to the persons entitled thereto of the unpaid principal of any of the subordinated Separately-Secured Bonds which shall have become due and payable (except subordinated Separately-Secured Bonds called for redemption for the payment of which, money is held pursuant to the provisions of the Separately-Secured General Indenture) in the order of their stated payment dates, with interest on the principal amount of such subordinated Separately-Secured Bonds at the respective rates specified therein from the respective dates upon which such subordinated Separately-Secured Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the subordinated Separately-Secured 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 Separately-Secured 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 Separately-Secured Bonds, without any discrimination or preference except as to any difference in the respective rates of interest specified in the subordinated Separately-Secured Bonds; and

SIXTH: to the payment of the interest on and the principal of the subordinated Separately-Secured Bonds, to the purchase and retirement of subordinated Separately-Secured Bonds and to the redemption of subordinated Separately-Secured Bonds.

(ii) If the principal of all the Separately-Secured 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 Separately-Secured Bonds which are not subordinated Separately-Secured 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 Separately-Secured Bond which is not a subordinated Separately-Secured Bond over any other Separately-Secured Bond which is not a subordinated Separately-Secured 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 Separately-Secured Bonds which are not subordinated Separately-Secured Bonds; and

SECOND: to the payment of the principal and premium, if any, and interest then accrued and unpaid upon the subordinated Separately-Secured 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 Separately-Secured Bond over any other subordinated Separately-Secured 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 Separately-Secured Bonds.

(iii) If the principal of all the Separately-Secured Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to (ii) above in the event that the principal of all the Separately-Secured 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 under the Separately-Secured General Indenture, shall be applied in accordance with the provisions of (i) above.

Restrictions Upon Actions by Individual Bondowner

No owner of any of the Separately-Secured Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Separately-Secured Bond or for the execution of any trust under the Separately-Secured Indenture or for the enforcement of any remedy under the Separately-Secured General Indenture 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 Separately-Secured 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 granted in the Separately-Secured General Indenture 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 declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Separately-Secured General Indenture or to any other remedy under the Separately-Secured General Indenture; *provided, however,* that notwithstanding the foregoing and without complying therewith, the owners of not less than 25% in aggregate principal amount of the Separately-Secured Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all owners of Separately-Secured Bonds.

Trustee Entitled to Indemnity

The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the Separately-Secured General Indenture, or to enter any appearance or in any way defend in any suit in which it may be named a defendant, or to take any steps in the execution of the trusts created by the Separately-Secured General Indenture or in the enforcement of any rights and powers under the Separately-Secured General Indenture, 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.

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 under the Separately-Secured General Indenture 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 created by the Separately-Secured General Indenture and the performance of its powers and duties under the Separately-Secured General Indenture, 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 under the Separately-Secured General Indenture.

Resignation and Removal of Trustee

The Trustee may resign by notice in writing to be given to the Agency and mailed, first-class postage prepaid, to all registered owners of Separately-Secured Bonds at their addresses as they appear on the registration books kept by the Bond Registrar(s), not less than 60 days before such resignation is to take effect, and such resignation shall take effect immediately upon the appointment of a new Trustee.

The Trustee may be removed upon 30 days' written notice (i) at any time by an instrument in writing executed by the owners of not less than a majority in principal amount of the Separately-Secured Bonds then Outstanding 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. 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 10% in principal amount of Separately-Secured Bonds then Outstanding.

No resignation or removal of the Trustee or appointment of a successor Trustee shall become effective until the acceptance of appointment under the Separately-Secured General Indenture by the successor Trustee.

Appointment of Successor Trustee

If the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting under the Separately-Secured General Indenture or if the position of Trustee becomes vacant for any other reason, then 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 Separately-Secured 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 Separately-Secured Bonds Outstanding may appoint a successor Trustee by an instrument in writing filed with the Agency, which Trustee shall supersede any Trustee theretofore appointed by the Agency. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within 10 days after the vacancy shall have occurred, the owner of any Separately-Secured Bond Outstanding under the Separately-Secured General Indenture 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 successor Trustee must 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 of not less than \$50,000,000 as shown on its most recently published report of its financial condition.

Notwithstanding the foregoing, no successor Trustee shall be appointed without the prior written consent of The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (each a "GSE" and, together, the "GSEs").

Supplemental Indentures

The Agency, without obtaining the consent of the owners of the Separately-Secured Bonds, from time to time and at any time, may execute such indentures supplemental to the provisions of the Separately-Secured General Indenture:

(a) to make provisions to cure any ambiguity or correct, cure or supplement any defect or omission in the Separately-Secured General Indenture or in regard to questions arising under the Separately-Secured General Indenture which the Agency may deem desirable or necessary and not inconsistent with the Separately-Secured General Indenture; 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, the Separately-Secured General Indenture any additional revenues or money legally available therefor; or

(d) to cure any ambiguity, to correct or supplement any provision of the Separately-Secured General Indenture which may be inconsistent with any other

provision thereof, or to make any other provisions with respect to matters or questions arising under the Separately-Secured General Indenture which shall not be inconsistent with the provisions thereof, provided such action shall not adversely affect the interest of the Bondowners; or

(e) to add to the covenants and agreements of the Agency in the Separately-Secured General Indenture other covenants and agreements thereafter to be observed by the Agency or to surrender any right or power in the Separately-Secured General Indenture reserved to or conferred upon the Agency; or

(f) to add provisions relating to coupon Separately-Secured Bonds or Separately-Secured Bonds issued with full book-entry delivery; or

(g) to modify any of the provisions of the Separately-Secured General Indenture in any respect whatever; *provided, however*, that either (i) such modification shall apply only to Series of Separately-Secured Bonds issued after the effective date of the Supplemental Indenture and shall not materially adversely affect the interests of the owners of Separately-Secured Bonds of any Series Outstanding on the effective date of the Supplemental Indenture or (ii)(a) such modification shall be effective only after all Separately-Secured Bonds then Outstanding shall cease to be Outstanding, and (b) such Supplemental Indenture shall be specifically referred to in the text of all Separately-Secured Bonds authenticated and delivered after the execution of such Supplemental Indenture and of Separately-Secured Bonds issued in exchange therefor or in place thereof; or

(h) to modify, amend or supplement the Separately-Secured General Indenture in such manner as to permit, if presented, the qualification 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 the Separately-Secured General Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in the Separately-Secured General Indenture; 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 the Separately-Secured General Indenture in such manner as to permit a trustee (other than the Trustee) with respect to any subordinated Separately-Secured Bonds issued under the Separately-Secured General Indenture; or

(l) to modify, amend or supplement the Separately-Secured General Indenture in order to maintain the tax-exempt status of any Separately-Secured 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 Separately-Secured Bonds, evidence that such change, at the time of such change, will not, in and of itself, impair, or cause the Separately-Secured 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).

Anything contained in the Separately-Secured General Indenture to the contrary *notwithstanding*,

(i) the Owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Separately-Secured Bonds then Outstanding,

(ii) if less than all of the Separately-Secured Bonds then Outstanding are affected, the Owners of greater than fifty per centum (50%) in principal amount of Separately-Secured Bonds so affected then Outstanding, and

(iii) in case the terms of any Sinking Fund Requirements are changed, the Owners of greater than fifty per centum (50%) in principal amount of the Separately-Secured Bonds of the particular Series and maturity entitled to such Sinking Fund Requirements and then Outstanding,

shall have the right, from time to time, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental to the Separately-Secured General Indenture 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 the Separately-Secured General Indenture; *provided, however*, no Supplemental Indenture shall permit, or be construed as permitting, any of the following without the consent of all of the adversely affected Bondowners: (a) a change in the terms of redemption or of the maturity of the principal of or the interest on any Separately-Secured Bonds, or (b) a reduction in the principal amount of any Separately-Secured Bond or the redemption premium or the rate of interest on any Separately-Secured Bond, or (c) the creation of a lien upon or pledge of Revenues, or any part thereof, other than the lien and pledge created or permitted by the Separately-Secured General Indenture, or (d) a preference or priority of any Separately-Secured Bond or Separately-Secured Bonds over any other Separately-Secured Bond or Separately-Secured 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 Separately-Secured Bonds required for consent to such Supplemental Indenture. A Series shall be deemed to be affected by a modification or amendment of the Separately-Secured General Indenture if the same adversely affects or diminishes the rights of the Owner of Separately-Secured Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Separately-Secured Bonds of any particular Series and maturity would be affected by any modification or amendment of the Separately-Secured General Indenture and any such determination shall be binding and conclusive on the Agency and all Owners of Separately-Secured Bonds.

Upon the execution of any Supplemental Indenture pursuant to the provisions described above, the Separately-Secured General Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Separately-Secured General Indenture of the Agency, the Trustee and all Bondowners shall thereafter be determined, exercised and enforced in all respects under the provisions of the Separately-Secured General Indenture as so modified and amended.

Notice of any proposed Supplemental Indenture to be effective with consent of Bondowners will be mailed to all Bondowners, but any failure to mail such notice shall not affect the validity of such Supplemental Indenture when consented to as described above.

Notwithstanding the foregoing, the Agency may not amend, supplement, or modify the Separately-Secured Indenture in any material respects without the prior written consent of the GSEs. The determination of the GSEs as to materiality shall be controlling.

Defeasance

If, when the Separately-Secured Bonds secured by the Separately-Secured General Indenture shall have become due and payable in accordance with their terms or otherwise as provided in the Separately-Secured General Indenture, and all Separately-Secured Bonds not described in the prior clause shall have been duly called for redemption or irrevocable instructions to call such Separately-Secured Bonds for redemption shall have been given by the Agency to the Trustee, and the whole amount of the principal of, Redemption Price, and the interest on all of such Separately-Secured Bonds shall be paid or 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 or which when due will provide sufficient moneys to pay the principal of, Redemption Price, and the interest on such Separately-Secured Bonds, and provisions shall also be made for paying all other sums payable under the Separately-Secured General Indenture by the Agency, then and in that case, the right, title and interest of the Trustee under the Separately-Secured General Indenture shall thereupon cease, terminate and become void, and the Trustee in such case, on demand of the Agency, shall release the Separately-Secured General Indenture 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 the Separately-Secured General Indenture.

Governing Law

The laws of the State shall govern the construction of the Separately-Secured General Indenture.

GSEs as Third-Party Beneficiaries

To the fullest extent permitted by the Separately-Secured General Indenture, each GSE is intended to be and shall be a third-party beneficiary of the Separately-Secured General Indenture and shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee

or cause the Trustee to enforce, provisions of the Series Indenture authorizing the issuance of the Agency's 2009 Series A Bonds.

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APPENDIX A

**PROGRAM BONDS MORTGAGE LOANS AND
MORTGAGE-BACKED SECURITIES EXPECTED TO BE
DEPOSITED IN THE ACQUISITION FUND**

This Appendix contains certain information in tabular form regarding certain participations in mortgage loans and participations in mortgage-backed securities. The Agency's current expectation is that following the transfer of proceeds of the Program Bonds to the Agency's Home Mortgage Revenue Bonds indenture on July 1, 2012, such participations in mortgage loans and participations in mortgage-backed securities will constitute substantially all of the Program Bonds Mortgage Loans and Mortgage-Backed Securities on deposit in the Acquisition Fund. However, such information is dated as of February 29, 2012, and speaks only as of that date. Further, such participations in mortgage loans and participations in mortgage-backed securities may have principal payments scheduled thereon prior to their expected delivery and may also prepay in whole or in part at any time. Such repayments and prepayments will cause such information with respect to such participations in mortgage loans and participations in mortgage-backed securities on future dates to differ from that set forth below.

The following table sets forth information as of February 29, 2012 regarding the original and remaining terms to maturity of and interest rates borne by the participations in mortgage loans expected to constitute substantially all of the Program Bonds Mortgage Loans.

Program Bonds Mortgage Loan Terms to Maturity, Interest Rates and Yields

Original Term (in Months)	Mortgage Loan Coupon Interest Rate	Weighted Average Yield of Participations⁽¹⁾	Weighted Average Remaining Term (in Months)	Outstanding Principal Balance	Percentage of Total Program Bonds Mortgage Loans by Principal Balance
360	3.000%	2.387%	288	\$ 4,405,000	1.00%
360	3.125	0.000	327	7,978	0.00
360	3.250	3.119	280	217,753	0.05
360	3.375	2.947	287	100,916	0.02
360	3.500	2.481	316	135,349	0.03
360	3.625	3.296	320	270	0.00
360	3.750	0.060	310	33,844	0.01
360	3.875	3.524	313	161	0.00
360	4.000	3.775	273	12,852,086	2.93
360	4.125	2.306	294	159,898	0.04
360	4.250	3.969	273	42,102,713	9.59
360	4.375	4.561	334	8,906	0.00
360	4.500	4.085	273	85,008,822	19.37
360	4.625	4.483	298	33,117	0.01
360	4.750	4.158	274	64,077,075	14.60
360	4.875	4.734	292	1,722,336	0.39

<u>Original Term (in Months)</u>	<u>Mortgage Loan Coupon Interest Rate</u>	<u>Weighted Average Yield of Participations⁽¹⁾</u>	<u>Weighted Average Remaining Term (in Months)</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Program Bonds Mortgage Loans by Principal Balance</u>
360	5.000%	4.505%	270	\$68,899,423	15.70%
360	5.125	4.859	296	5,464,252	1.25
360	5.250	4.398	273	30,106,069	6.86
360	5.375	4.979	307	4,394,379	1.00
360	5.500	4.858	286	13,056,394	2.98
360	5.625	5.370	309	6,352,654	1.45
360	5.750	6.499	297	7,755,737	1.77
360	5.875	4.959	303	438,504	0.10
360	5.950	5.074	149	122,739	0.03
360	6.000	7.257	305	5,353,674	1.22
360	6.125	5.225	316	1,215,700	0.28
360	6.250	4.615	286	2,035,966	0.46
360	6.375	5.998	317	1,266,839	0.29
360	6.500	5.219	245	3,508,741	0.80
360	6.625	1.251	321	242,074	0.06
360	6.750	4.106	246	2,086,692	0.48
360	7.000	5.433	224	1,586,176	0.36
360	7.125	0.000	327	87,754	0.02
360	7.250	5.984	215	728,279	0.17
360	7.500	5.624	209	185,424	0.04
360	7.600	6.481	159	12,358	0.00
360	7.625	6.828	162	79,161	0.02
360	7.750	6.309	215	213,171	0.05
360	8.000	6.495	204	73,736	0.02
360	8.100	7.633	148	72,728	0.02
360	8.125	7.766	159	15,653	0.00
360	8.250	5.996	225	19,450	0.00
360	8.375	8.005	161	13,853	0.00
Subtotal.....				\$366,253,803	83.46%
420	3.000%	2.949%	359	\$1,500,456	0.34%
420	3.125	3.125	347	167,461	0.04
420	3.250	3.250	353	348,713	0.08
420	3.375	3.375	359	385,064	0.09
420	3.500	3.500	366	435,266	0.10
420	3.625	3.721	391	7,458	0.00
420	3.750	3.750	365	371,381	0.08
420	3.875	3.932	356	238,759	0.05
420	4.000	3.998	365	158,315	0.04

<u>Original Term (in Months)</u>	<u>Mortgage Loan Coupon Interest Rate</u>	<u>Weighted Average Yield of Participations⁽¹⁾</u>	<u>Weighted Average Remaining Term (in Months)</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Program Bonds Mortgage Loans by Principal Balance</u>
420	4.125%	4.123%	352	\$ 205,133	0.05%
420	4.250	4.679	356	639,530	0.15
420	4.375	4.374	366	296,444	0.07
420	4.500	4.524	384	9,983	0.00
420	4.625	4.612	387	6,349	0.00
420	4.750	6.805	383	8,595	0.00
420	4.875	4.733	369	248	0.00
420	5.000	5.083	386	12,215	0.00
420	5.125	5.207	388	15,974	0.00
420	5.250	5.250	346	23,847,346	5.43
420	5.375	5.033	379	44,997	0.01
420	5.500	5.499	353	10,054,953	2.29
420	5.625	5.948	383	21,270	0.00
420	5.750	5.750	354	23,940,702	5.46
420	5.875	5.874	358	1,307,337	0.30
420	6.000	6.093	379	2,063,573	0.47
420	6.125	6.118	359	2,151,007	0.49
420	6.250	6.124	379	434,517	0.10
420	6.375	6.375	379	247,739	0.06
420	6.500	5.404	378	949,412	0.22
420	6.625	6.138	377	42,323	0.01
420	6.750	6.688	384	64,229	0.01
420	7.000	6.671	383	247,869	0.06
420	7.375	7.355	383	41,630	0.01
Subtotal.....				\$70,266,248	16.01%
480	3.000%	6.022%	446	\$ 10,962	0.00%
480	3.250	3.183	437	1,130,334	0.26
480	3.375	3.099	434	304	0.00
480	3.750	3.740	441	5,409	0.00
480	4.125	4.114	445	9,009	0.00
480	4.375	4.375	437	63,418	0.01
480	4.500	4.092	435	146	0.00
480	5.375	5.218	435	260	0.00
480	5.625	5.115	438	140	0.00
480	5.750	5.063	420	22,264	0.01
480	5.875	5.664	426	2,891	0.00
480	6.000	5.558	424	24,162	0.01
480	6.125	5.987	438	52,677	0.01

Original Term (in Months)	Mortgage Loan Coupon Interest Rate	Weighted Average Yield of Participations⁽¹⁾	Weighted Average Remaining Term (in Months)	Outstanding Principal Balance	Percentage of Total Program Bonds Mortgage Loans by Principal Balance
480	6.250%	3.734%	446	\$ 228	0.00%
480	6.375	6.358	442	80,579	0.02
480	6.500	6.499	437	686,106	0.16
480	6.625	6.587	445	66,270	0.02
480	6.750	0.000	433	359	0.00
480	6.875	6.856	441	61,657	0.01
480	7.000	0.000	448	55,784	0.01
480	7.125	7.105	442	35,104	0.01
Subtotal.....				\$ 2,308,063	0.53%
Total.....				<u>\$438,828,113</u>	<u>100.00%</u>

⁽¹⁾ The group of expected Programs Bonds Mortgage Loans represented in each row of this table consists of participations in mortgage loans having the mortgage loan coupon interest rate indicated under "Mortgage Loan Coupon Interest Rate" and the original term to maturity indicated under "Original Term (in Months)." Each participation either includes the right to all interest due on the related mortgage loan, includes the right to some of such interest, or does not include a right to any such interest. The percentage rate listed in the column "Weighted Average Yield of Participations" is the weighted average (weighted by outstanding principal balance) of the per-annum percentage yields of the participations, each determined by multiplying the coupon rate of the related mortgage loan by the fraction corresponding to the participation interest in interest payments and dividing the resulting rate by the fraction corresponding to the participation interest in principal of the related mortgage loan.

The following table sets forth information as of February 29, 2012 regarding the type of primary mortgage insurance currently applicable to, or non-insured status of, the participations in mortgage loans expected to constitute substantially all of the Program Bonds Mortgage Loans.

Program Bonds Mortgage Loan Primary Mortgage Insurance

<u>Insurance or Guaranty Category</u>	<u>Principal Balance of Mortgage Loans</u>	<u>Percentage of Mortgage Loans by Principal Balance</u>
<u>Federal Insurance or Guaranty</u>		
FHA Insurance	\$161,185,031	36.73%
VA Guaranty	3,021,425	0.69%
RD Guaranty	2,837,293	0.65%
<u>Conventional Loans</u>		
<i>With Mortgage Insurance:</i>		
Agency's Insurance Fund	133,809,966	30.49%
<i>Without Mortgage Insurance:</i>		
Originated with No Mortgage Insurance	107,489,945	24.49%
Mortgage Insurance Cancelled	30,484,452	6.95%

The following table sets forth information as of February 29, 2012 regarding the location of the mortgaged property securing participations in mortgage loans expected to constitute substantially all of the Program Bonds Mortgage Loans.

Program Bonds Mortgage Loan Location

<u>County</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Program Bonds Mortgage Loans by Principal Balance</u>
Los Angeles	\$115,381,450	26.29%
San Diego	44,297,490	10.09
Santa Clara	43,086,402	9.82
Orange	36,075,499	8.22
Alameda	26,318,802	6.00
San Bernardino	15,181,558	3.46
Contra Costa	14,648,382	3.34
Kern	14,213,940	3.24
Sacramento	13,469,413	3.07
Riverside	12,440,570	2.83
Ventura	11,779,562	2.68
Sonoma	11,072,697	2.52
Other Counties†	<u>80,862,348</u>	<u>18.43</u>
Total	\$438,828,113	100.00%

†Counties with less than 2.0% of total Program Bonds Mortgage Loans by principal balance.

The following six tables set forth information as of February 29, 2012 regarding the distribution of the participations in mortgage loans expected to constitute substantially all of the Program Bonds Mortgage Loans among categories of mortgage insurance type or non-insured status, loan amortization type and origination year, and regarding the respective percentages of expected Program Bonds Mortgage Loans in such categories that were 30, 60, or 90 or more days delinquent. Following these tables is a table that sets forth information as of February 29, 2012 concerning the Servicers of the participations in mortgage loans expected to constitute substantially all of the Program Bonds Mortgage Loans.

Program Bonds Mortgage Loans Delinquency as of February 29, 2012

By mortgage insurance type

	Loan Count	Balance	Percent	DELINQUENCY RATIOS			
				30-Day	60-Day	90(+)-Day	Total
Federal Guaranty							
FHA	5,131	\$ 161,185,031	36.73%	5.61%	1.79%	7.64%	15.05%
VA	113	3,021,425	0.69%	4.42%	0.88%	11.50%	16.81%
RHS	61	2,837,293	0.65%	6.56%	0.00%	18.03%	24.59%
Conventional loans							
with MI							
CalHFA MI Fund	3,132	133,809,966	30.49%	3.80%	2.08%	11.05%	16.92%
without MI							
Orig with no MI	2,928	107,489,945	24.49%	3.07%	0.89%	5.46%	9.43%
MI Cancelled*	587	30,484,452	6.95%	1.36%	0.51%	4.43%	6.30%
Total	11,952	\$ 438,828,113	100.00%	4.30%	1.56%	7.93%	13.80%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

By loan type

	Loan Count	Balance	Percent	DELINQUENCY RATIOS			
				30-Day	60-Day	90(+)-Day	Total
30-yr level amort							
FHA	5,131	\$ 161,185,031	36.73%	5.61%	1.79%	7.64%	15.05%
VA	113	3,021,425	0.69%	4.42%	0.88%	11.50%	16.81%
RHS	61	2,837,293	0.65%	6.56%	0.00%	18.03%	24.59%
Conventional - with MI	1,899	75,601,968	17.23%	3.74%	1.58%	8.16%	13.48%
Conventional - w/o MI	3,214	123,608,085	28.17%	2.55%	0.78%	4.95%	8.28%
40-yr level amort							
Conventional - with MI	220	1,005,107	0.23%	3.18%	1.36%	15.45%	20.00%
Conventional - w/o MI	110	1,302,956	0.30%	1.82%	0.91%	8.18%	10.91%
5-yr IOP, 30-yr amort							
Conventional - with MI	1,013	57,202,892	13.04%	4.05%	3.16%	15.50%	22.70%
Conventional - w/o MI	191	13,063,357	2.98%	7.33%	1.57%	9.42%	18.32%
Total	11,952	\$ 438,828,113	100.00%	4.30%	1.56%	7.93%	13.80%
All conventional loans:	6,647	\$ 271,784,364		3.26%	1.41%	8.00%	12.68%

*5-year interest only and 30-year level amortization thereafter (same fixed-rate in both periods).

**FHA loan portfolio
By loan type and vintage**

FHA Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	2,789	93,687,981	58.1%	4.84%	1.51%	3.62%	9.97%
2004	1,046	29,904,210	18.6%	5.26%	1.82%	9.08%	16.16%
2005	365	19,487,421	12.1%	5.75%	2.19%	16.44%	24.38%
2006	231	8,390,575	5.2%	7.36%	1.73%	21.21%	30.30%
2007	211	2,150,781	1.3%	9.48%	3.32%	16.59%	29.38%
2008	471	7,366,365	4.6%	8.49%	2.55%	10.83%	21.87%
2009	18	197,698	0.1%	0.00%	0.00%	5.56%	5.56%
	5,131	\$161,185,031	100.0%	5.61%	1.79%	7.64%	15.05%

Program Bonds Mortgage Loans Delinquency as of February 29, 2012

**All conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	749	32,588,341	16.4%	2.14%	0.53%	2.27%	4.94%
2004	924	28,007,247	14.1%	2.49%	0.87%	4.11%	7.47%
2005	770	68,790,582	34.5%	3.12%	1.04%	8.05%	12.21%
2006	941	41,339,466	20.8%	2.34%	1.17%	8.08%	11.58%
2007	859	13,210,053	6.6%	3.03%	1.51%	7.92%	12.44%
2008	780	14,520,621	7.3%	5.26%	1.28%	6.54%	13.08%
2009	90	753,743	0.4%	1.11%	1.11%	2.22%	4.44%
	5,113	\$199,210,053	100.0%	2.99%	1.08%	6.14%	10.21%
40-yr level amort							
2006	79	38,478	1.7%	3.80%	1.27%	13.92%	18.99%
2007	166	23,522	1.0%	1.81%	1.20%	15.66%	18.67%
2008	83	2,220,150	96.2%	3.61%	1.20%	6.02%	10.84%
2009	2	25,911	1.1%	0.00%	0.00%	50.00%	50.00%
	330	\$2,308,063	100.0%	2.73%	1.21%	13.03%	16.97%
5-yr IOP, 30-yr level amort							
2005	152	28,381,379	40.4%	7.24%	1.97%	15.13%	24.34%
2006	335	37,587,342	53.5%	4.78%	3.28%	17.91%	25.97%
2007	401	87,956	0.1%	3.99%	3.49%	14.71%	22.19%
2008	316	4,209,571	6.0%	3.80%	2.22%	10.44%	16.46%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	1,204	\$70,266,248	100.0%	4.57%	2.91%	14.53%	22.01%

**Insured conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	150	5,675,138	7.5%	3.33%	1.33%	4.67%	9.33%
2004	264	8,541,509	11.3%	2.65%	1.52%	5.30%	9.47%
2005	329	29,524,268	39.1%	4.56%	1.82%	10.64%	17.02%
2006	369	18,721,540	24.8%	2.44%	1.90%	11.11%	15.45%
2007	292	4,587,748	6.0%	3.08%	1.03%	8.56%	12.67%
2008	460	8,185,012	10.6%	5.43%	1.52%	7.17%	14.13%
2009	35	386,753	0.5%	2.86%	2.86%	0.00%	5.71%
	1,899	\$75,601,968	100.0%	3.74%	1.58%	8.16%	13.48%
40-yr level amort							
2006	57	34,144	3.4%	3.51%	1.75%	14.04%	19.30%
2007	108	16,799	1.7%	1.85%	0.93%	20.37%	23.15%
2008	54	940,690	93.6%	5.56%	1.85%	7.41%	14.81%
2009	1	13,473	1.3%	0.00%	0.00%	0.00%	0.00%
	220	\$1,005,107	100.0%	3.18%	1.36%	15.45%	20.00%
5-yr IOP, 30-yr level amort							
2005	127	24,039,530	42.0%	7.09%	2.36%	16.54%	25.98%
2006	258	29,376,867	51.4%	3.88%	3.88%	19.77%	27.52%
2007	326	74,139	0.1%	3.68%	3.68%	16.26%	23.62%
2008	302	3,712,355	6.5%	3.31%	2.32%	10.60%	16.23%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	1,013	\$57,202,892	100.0%	4.05%	3.16%	15.50%	22.70%

**Uninsured conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	599	26,913,202	21.8%	1.84%	0.33%	1.67%	3.84%
2004	660	19,465,738	15.7%	2.42%	0.61%	3.64%	6.67%
2005	441	39,266,314	31.8%	2.04%	0.45%	6.12%	8.62%
2006	572	22,617,926	18.3%	2.27%	0.70%	6.12%	9.09%
2007	567	8,642,305	7.0%	3.00%	1.76%	7.58%	12.35%
2008	320	6,335,609	5.1%	5.00%	0.94%	5.63%	11.56%
2009	55	366,990	0.3%	0.00%	0.00%	1.82%	3.64%
	3,214	\$123,608,085	100.0%	2.55%	0.78%	4.92%	8.28%
40-yr level amort							
2006	22	4,334	0.3%	4.55%	0.00%	13.64%	18.18%
2007	58	6,724	0.5%	1.72%	1.72%	6.90%	10.34%
2008	29	1,279,460	98.2%	0.00%	0.00%	3.45%	3.45%
2009	1	12,438	1.0%	0.00%	0.00%	100.00%	100.00%
	110	\$1,302,956	100.0%	1.82%	0.91%	8.18%	10.91%
5-yr IOP, 30-yr level amort							
2005	25	4,341,850	33.2%	8.00%	0.00%	8.00%	16.00%
2006	77	8,210,474	62.9%	7.79%	1.30%	11.69%	20.78%
2007	75	13,817	0.1%	5.33%	2.67%	8.00%	16.00%
2008	14	497,216	3.8%	14.29%	0.00%	7.14%	21.43%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	191	\$13,063,357	100.0%	7.33%	1.57%	9.42%	18.32%

Servicers of Program Bonds Mortgage Loans

Servicers of Greater Than 5% in Principal Amount of Program Bonds Mortgage Loans as of February 29, 2012	Approximate Principal Amounts of Program Bonds Mortgage Loans Being Serviced as of February 29, 2012	Percentage of Portfolio Serviced
CalHFA - Loan Servicing	\$ 223,551,396	50.943%
Guild Mortgage	92,539,262	21.088%
BAC Home Loans Servicing, LP	35,712,112	8.138%
Wells Fargo Home Mortgage	25,445,436	5.798%
Everhome Mortgage Company	22,888,630	5.216%
All Other (6) Servicers	<u>38,691,279</u>	<u>8.817%</u>
Total	<u>\$ 438,828,113</u>	<u>100.000%</u>

The following table sets forth information as of February 29, 2012 regarding the dates on which the Program Bonds Mortgage Loans that are 35 Year Loans which have not yet commenced principal amortization are scheduled to commence amortization.

**30-Year Self-Amortization Start Dates for 35-Year,
5-Year Interest-Only Loans**

<u>Start of 30-Year Self-Amortization</u>		Outstanding Mortgage Balances as of <u>February 29, 2012</u>
<u>From</u>	<u>To</u>	
4/1/2012	6/30/2012	\$ 1,985.27
7/1/2012	9/30/2012	35,819.29
10/1/2012	12/31/2012	129,374.10
1/1/2013	3/31/2013	677,807.61
4/1/2013	6/30/2013	2,929,142.19
7/1/2013	9/30/2013	438,243.70
10/1/2013	12/31/2013	35,275.24

The following table provides certain information as of February 29, 2012 with respect to participations in mortgage-backed securities expected to constitute substantially all of the Program Bonds Mortgage-Backed Securities deposited in the Acquisition Fund on July 1, 2012.

Program Bonds Mortgage-Backed Securities to be Deposited in the Acquisition Fund

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate²	Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture	Original Certificate Amount¹	Certificate Remaining Principal Balance¹	Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture
Fannie Mae	FN 953983	31413SJ47	6.375%	6.030%	25.8124%	\$5,376,934	\$3,116,920	25.8124%
Fannie Mae	FN 953984	31413SJ54	6.625	6.280	25.8124	5,848,517	2,577,621	25.8124
Fannie Mae	FN 953985	31413SJ62	6.750	6.405	25.8124	2,289,381	728,227	25.8124
Fannie Mae	FN 954009	31413SKW3	6.625	6.280	25.8124	694,900	202,924	25.8124
Fannie Mae	FN 954010	31413SKX1	6.750	6.405	25.8124	399,899	198,685	25.8124
Fannie Mae	FN 954097	31413SNN0	6.375	6.030	25.8124	3,936,224	1,860,483	25.8124
Fannie Mae	FN 954098	31413SNP5	6.625	6.280	25.8124	760,685	547,277	25.8124
Fannie Mae	FN 954169	31413SQW7	6.375	6.030	25.8124	175,000	175,000	25.8124
Fannie Mae	FN 954171	31413SQY3	6.375	6.030	25.8124	3,550,185	2,013,517	25.8124
Fannie Mae	FN 954172	31413SQZ0	6.625	6.280	25.8124	1,301,894	619,138	25.8124
Fannie Mae	FN 954263	31413STU8	6.375	6.030	25.7363	4,149,834	1,897,215	25.7363
Fannie Mae	FN 954327	31413SVU5	6.375	6.030	25.8124	2,486,800	913,765	25.8124
Fannie Mae	FN 954329	31413SVW1	6.625	6.280	25.8124	1,200,737	375,690	25.8124
Fannie Mae	FN 954425	31413SYW8	6.375	6.030	25.8124	6,412,130	2,613,087	25.8124
Fannie Mae	FN 954426	31413SYX6	6.625	6.280	25.8124	1,763,533	507,282	25.8124
Fannie Mae	FN 954427	31413SYY4	6.750	6.405	25.8124	201,400	201,400	25.8124
Fannie Mae	FN 954428	31413SYZ1	6.375	6.030	25.8124	1,096,613	472,465	25.8124
Fannie Mae	FN 954442	31413SZF4	6.375	6.030	25.8124	5,984,546	2,280,214	25.8124
Fannie Mae	FN 954555	31413S5Q3	6.375	6.030	25.8124	2,468,168	821,739	25.8124
Fannie Mae	FN 954577	31413S6N9	6.375	6.030	25.8124	5,209,805	3,605,862	25.8124
Fannie Mae	FN 954584	31413S6V1	6.250	5.905	25.8124	1,270,600	1,094,073	25.8124
Fannie Mae	FN 960865	31414A6A5	6.625	6.280	1.7717	98,912	98,769	1.7799
Fannie Mae	FN 960866	31414A6B3	6.375	6.030	1.7720	12,940,216	8,128,827	1.7802
Fannie Mae	FN 960897	31414A7J5	6.250	5.905	1.7717	795,900	222,000	1.7799
Fannie Mae	FN 960898	31414A7K2	6.375	6.030	1.7745	161,500	155,969	1.7827
Fannie Mae	FN 960899	31414A7L0	6.375	6.030	1.7719	295,523	295,291	1.7801
Fannie Mae	FN 961970	31414CFK9	6.250	5.905	1.7721	1,262,550	751,770	1.7803

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate ²	Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture	Original Certificate Amount ¹	Certificate Remaining Principal Balance ¹	Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture
Fannie Mae	FN 962031	31414CHG6	6.250%	5.905%	1.7720%	\$3,015,600	\$2,026,903	1.7802%
Fannie Mae	FN 962032	31414CHH4	6.375	6.030	0.1849	3,570,451	1,791,647	0.1858
GNMA	GN 759281	36230UJ26	3.875	3.375	0.0000	8,735,034	8,572,891	4.7549
GNMA	GN 759378	36230UM30	3.875	3.375	0.0000	1,705,851	1,671,810	2.8186
GNMA	GN 759423	36230UPG8	3.875	3.375	0.0000	3,214,440	3,148,081	4.7549
GNMA	GN 759557	36230UTN9	3.875	3.375	0.0000	4,630,433	4,544,277	4.7549
GNMA	GN 759558	36230UTP4	4.000	3.500	0.0000	564,481	554,190	4.0757
GNMA	GN 759559	36230UTQ2	3.875	3.375	0.0000	523,529	513,585	4.7549
GNMA	GN 762681	36176DCS0	3.875	3.375	0.0000	6,284,544	6,075,705	4.7549
GNMA	GN 762690	36176DC35	3.750	3.250	0.0000	573,440	561,662	5.4342
GNMA	GN 762691	36176DC43	4.000	3.500	0.0000	2,410,243	2,369,833	4.0756
GNMA	GN 762692	36176DC50	3.875	3.375	0.0000	667,532	648,688	4.7549
GNMA	GN 762763	36176DFC2	3.875	3.375	0.0000	9,633,576	9,468,247	4.7549
GNMA	GN 762764	36176DFD0	4.000	3.500	0.0000	4,479,186	4,404,377	4.0756
GNMA	GN 762765	36176DFE8	4.125	3.625	0.0000	6,839,737	6,678,104	3.3964
GNMA	GN 762773	36176DFN8	4.000	3.500	0.0000	762,866	749,970	4.0757
GNMA	GN 762774	36176DFP3	3.875	3.375	0.0000	568,961	559,476	4.7549
GNMA	GN 762800	36176DGH0	4.125	3.625	0.0000	201,631	198,401	3.3963
GNMA	GN 762934	36176DLP6	3.875	3.375	0.0000	751,229	738,549	4.7549
GNMA	GN 762935	36176DLQ4	4.000	3.500	0.0000	2,452,465	2,412,471	4.0756
GNMA	GN 762936	36176DLR2	4.125	3.625	0.0000	3,735,373	3,673,328	3.3964
GNMA	GN 762951	36176DL84	4.250	3.750	0.0000	1,113,165	1,086,153	2.7171
GNMA	GN 762967	36176DMQ3	4.000	3.500	0.0000	1,249,769	1,231,359	4.0756
GNMA	GN 762968	36176DMR1	4.125	3.625	0.0000	5,518,330	5,431,794	3.3964
GNMA	GN 762990	36176DNF6	3.875	3.375	0.0000	704,682	692,763	4.7549
GNMA	GN 762992	36176DNH2	4.125	3.625	0.0000	4,191,793	4,130,099	3.3964
GNMA	GN 763059	36176DQL0	4.000	3.500	0.0000	1,376,021	1,355,748	4.0756
GNMA	GN 763062	36176DQP1	4.250	3.750	0.0000	1,498,993	1,477,863	2.7171
GNMA	GN 763167	36176DTY9	3.875	3.375	0.0000	684,196	674,863	4.7549
GNMA	GN 763168	36176DTZ6	4.000	3.500	0.0000	777,493	767,170	4.0756
GNMA	GN 763169	36176DT29	4.000	3.500	0.0000	708,637	699,225	4.0756
GNMA	GN 763170	36176DT37	4.125	3.625	0.0000	15,475,514	15,268,419	3.3964
GNMA	GN 763171	36176DT45	4.250	3.750	0.0000	2,432,539	2,401,601	2.7171

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate ²	Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture	Original Certificate Amount ¹	Certificate Remaining Principal Balance ¹	Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture
GNMA	GN 763211	36176DVC4	4.000%	3.500%	0.0000%	\$ 201,363	\$ 198,665	4.0756%
GNMA	GN 763212	36176DVD2	4.125	3.625	0.0000	289,017	285,266	3.3964
GNMA	GN 763213	36176DVE0	4.125	3.625	0.0000	11,916,553	11,757,062	3.3964
GNMA	GN 763214	36176DVF7	4.250	3.750	0.0000	2,360,675	2,327,679	2.7171
GNMA	GN 763284	36176DXM0	3.875	3.375	0.0000	289,587	285,662	4.7549
GNMA	GN 763285	36176DXN8	4.000	3.500	0.0000	320,821	316,584	4.0756
GNMA	GN 763286	36176DXP3	4.125	3.625	0.0000	9,924,741	9,791,858	3.3964
GNMA	GN 763287	36176DXQ1	4.125	3.625	0.0000	210,590	207,645	3.3963
GNMA	GN 763289	36176DXS7	4.375	3.875	0.0000	3,123,081	3,083,060	2.0378
GNMA	GN 763367	36176DZ89	4.000	3.500	0.0000	208,768	206,012	4.0756
GNMA	GN 763368	36176DZ97	4.125	3.625	0.0000	3,916,893	3,863,539	3.3964
GNMA	GN 763369	36176D2A0	4.250	3.750	0.0000	4,736,319	4,676,134	2.7171
GNMA	GN 763370	36176D2B8	4.375	3.875	0.0000	2,787,364	2,752,586	2.0378
GNMA	GN 763371	36176D2C6	4.500	4.000	0.0000	2,074,943	2,047,434	1.3586
GNMA	GN 770691	36176M7C1	4.250	3.750	0.0000	595,487	588,804	2.7171
GNMA	GN 770692	36176M7D9	4.000	3.500	0.0000	324,439	320,427	4.0756
GNMA	GN 770693	36176M7E7	4.375	3.875	0.0000	520,413	514,693	2.0378
GNMA	GN 770694	36176M7F4	4.250	3.750	0.0000	4,007,623	3,961,149	2.7171
GNMA	GN 770695	36176M7G2	4.125	3.625	0.0000	4,031,802	3,984,362	3.3964
GNMA	GN 770696	36176M7H0	4.375	3.875	0.0000	2,222,839	2,197,777	2.0378
GNMA	GN 770697	36176M7J6	4.500	4.000	0.0000	1,879,351	1,858,793	1.3585
GNMA	GN 770698	36176M7K3	4.625	4.125	0.0000	3,374,500	3,333,234	0.6793
GNMA	GN 770701	36176NAA9	4.000	3.500	0.0000	1,416,891	1,395,921	4.0756
GNMA	GN 770702	36176NAB7	4.250	3.750	0.0000	347,488	342,777	2.7171
GNMA	GN 770703	36176NAC5	4.000	3.500	0.0000	387,834	383,212	4.0756
GNMA	GN 770704	36176NAD3	4.125	3.625	0.0000	274,249	271,097	3.3963
GNMA	GN 770705	36176NAE1	4.125	3.625	0.0000	2,344,070	2,313,607	3.3964
GNMA	GN 770706	36176NAF8	4.250	3.750	0.0000	2,495,625	2,467,064	2.7171
GNMA	GN 770707	36176NAG6	4.375	3.875	0.0000	3,046,643	3,012,302	2.0378
GNMA	GN 770775	36176NCL3	4.125	3.625	0.0000	746,153	737,612	3.3964
GNMA	GN 770776	36176NCM1	4.375	3.875	0.0000	2,356,373	2,328,727	2.0378
GNMA	GN 770777	36176NCN9	4.625	4.125	0.0000	3,698,065	3,658,473	0.6793
GNMA	GN 770778	36176NCP4	4.500	4.000	0.0000	2,797,085	2,764,977	1.3585

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate²	Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture	Original Certificate Amount¹	Certificate Remaining Principal Balance¹	Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture
GNMA	GN 770779	36176NCQ2	4.250%	3.750%	0.0000%	\$2,348,154	\$2,321,578	2.7171%
GNMA	GN 770825	36176ND65	4.500	4.000	0.0000	490,565	485,302	1.3585
GNMA	GN 770863	36176NFC0	4.500	4.000	0.0000	3,261,006	3,224,327	1.3585
GNMA	GN 770864	36176NFD8	4.250	3.750	0.0000	1,104,614	1,091,307	2.7171
GNMA	GN 770865	36176NFE6	4.125	3.625	0.0000	931,607	920,201	3.3964
GNMA	GN 770866	36176NFF3	4.000	3.500	0.0000	150,852	149,085	4.0757
GNMA	GN 770867	36176NFG1	4.375	3.875	0.0000	2,449,515	2,422,582	2.0378
GNMA	GN 770868	36176NFH9	4.625	4.125	0.0000	1,715,694	1,696,512	0.6793
GNMA	GN 770872	36176NFM8	4.250	3.750	0.0000	258,808	255,907	2.7171
GNMA	GN 770873	36176NFN6	4.500	4.000	0.0000	463,216	458,258	1.3586
GNMA	GN 770874	36176NFP1	4.375	3.875	0.0000	383,395	379,109	2.0378
GNMA	GN 770875	36176NFP9	4.125	3.625	0.0000	243,662	240,882	3.3964
GNMA	GN 770876	36176NFR7	4.625	4.125	0.0000	550,768	543,507	0.6793
GNMA	GN 770883	36176NFY2	4.000	3.500	0.0000	91,277	90,192	4.0756
GNMA	GN 770927	36176NHC8	4.250	3.750	0.0000	720,817	713,609	2.7171
GNMA	GN 770928	36176NHD6	4.375	3.875	0.0000	1,903,647	1,884,633	2.0378
GNMA	GN 770929	36176NHE4	4.500	4.000	0.0000	1,009,445	999,738	1.3586
GNMA	GN 770930	36176NHF1	4.125	3.625	0.0000	488,224	483,295	3.3964
GNMA	GN 770933	36176NHJ3	4.625	4.125	0.0000	912,195	903,090	0.6793
GNMA	GN 770936	36176NHM6	4.625	4.125	0.0000	2,323,978	2,302,025	0.6793

¹ Source: Ginnie Mae MBS Tax, Pool, RPB and Factor Data Search Page at <http://structuredginniemae.ginnienet.com/factorreporting/>, or <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>, as applicable. Amounts in these columns must be multiplied by the applicable percentage under “Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture” to derive the amount thereof to be allocable to the Separately-Secured Indenture.

² The amount of an interest distribution on a security, calculated using the pass-through rate in this column, must be multiplied by the applicable percentage under “Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture” to derive the amount, if any, of such interest distribution to be allocable to the Separately-Secured Indenture.

APPENDIX B

OVERCOLLATERALIZATION FUND LOANS AND SECURITIES

This Appendix contains certain information in tabular form regarding certain mortgage loans and participations in mortgage loans and certain mortgage-backed securities. The Agency's current expectation is that such mortgage loans and participations in mortgage loans and such mortgage-backed securities will constitute substantially all of the Overcollateralization Fund Loans and Securities. However, such information is dated as of February 29, 2012, and speaks only as of that date. Further, such mortgage loans and participations in mortgage loans and such mortgage-backed securities may have principal payments scheduled thereon prior to their expected delivery and may also prepay in whole or in part at any time. Such repayments and prepayments will cause such information with respect to such mortgage loans and participations in mortgage loans and such mortgage-backed securities on future dates to differ from that set forth below.

The following table sets forth information as of February 29, 2012 regarding the original and remaining term to maturity of and interest rates borne by the mortgage loans and participations in mortgage loans expected to constitute substantially all of the Overcollateralization Fund Single-Family Mortgage Loans.

**Overcollateralization Fund Single-Family Loan Terms to Maturity,
Interest Rates and Yields**

Original Term (in Months)	Mortgage Loan Coupon Interest Rate	Weighted Average Yield of Participations and/or Mortgage Loans⁽¹⁾	Weighted Average Remaining Term (in Months)	Outstanding Principal Balance	Percentage of Total Overcollateralization Fund Single-Family Loans by Principal Balance
360	6.000%	5.998%	191	\$5,871,132	23.20%
360	6.250	6.401	194	4,726,848	18.68
360	6.500	6.637	195	3,916,343	15.48
360	6.750	7.062	182	2,865,933	11.33
360	7.250	7.250	156	1,425,038	5.63
360	5.000	5.872	196	1,330,044	5.26
360	7.875	7.875	149	1,011,685	4.00
360	7.500	7.500	100	980,718	3.88
360	7.000	7.000	169	605,577	2.39
360	5.750	5.780	183	424,874	1.68
360	6.875	6.875	162	407,276	1.61
360	3.000	3.000	32	404,741	1.60
360	5.500	6.000	209	271,899	1.07
360	7.125	7.125	160	232,762	0.92
360	8.250	8.250	159	204,072	0.81
360	7.375	7.375	167	174,147	0.69
360	7.750	7.750	161	171,526	0.68

Original Term (in Months)	Mortgage Loan Coupon Interest Rate	Weighted Average Yield of Participations and/or Mortgage Loans⁽¹⁾	Weighted Average Remaining Term (in Months)	Outstanding Principal Balance	Percentage of Total Overcollateralization Fund Single-Family Loans by Principal Balance
360	9.250%	9.250%	57	\$ 124,040	0.49%
360	5.950	5.950	145	75,743	0.30
360	7.450	7.450	36	42,116	0.16
360	5.250	5.250	201	<u>34,536</u>	<u>0.14</u>
Total				\$25,301,050	100.00%

⁽¹⁾ The group of expected Overcollateralization Fund Single-Family Loans represented in each row of this table consists of participations in mortgage loans, or whole mortgage loans, or both, having the mortgage loan coupon interest rate indicated under "Mortgage Loan Coupon Interest Rate" and the original term to maturity indicated under "Original Term (in Months)." Each participation either includes the right to all interest due on the related mortgage loan, includes the right to some of such interest, or does not include a right to any such interest. The percentage rate listed in the column "Weighted Average Yield of Participations" is the weighted average (weighted by outstanding principal balance) of (i) the per-annum percentage yields of any participations in the group, each determined by multiplying the coupon rate of the related mortgage loan by the fraction corresponding to the participation interest in interest payments and dividing the resulting rate by the fraction corresponding to the participation interest in principal of the related mortgage loan and (ii) the coupon rates of any whole mortgage loans in the group.

The following table sets forth information as of February 29, 2012 regarding the type of primary mortgage insurance currently applicable to, or non-insured status of, the mortgage loans and participations in mortgage loans expected to constitute substantially all of the Overcollateralization Fund Single-Family Loans.

Overcollateralization Fund Single-Family Loan Primary Mortgage Insurance

<u>Insurance or Guaranty Category</u>	<u>Principal Balance of Mortgage Loans</u>	<u>Percentage of Mortgage Loans by Principal Balance</u>
<u>Federal Insurance or Guaranty</u>		
FHA Insurance	\$18,779,163	74.23%
VA Guaranty	2,475,147	9.78%
<u>Conventional Loans</u>		
<i>With Mortgage Insurance:</i>		
Agency's Insurance Fund	1,219,272	4.82%
<i>Without Mortgage Insurance:</i>		
Originated with No Mortgage Insurance	208,277	0.82%
Mortgage Insurance Cancelled	2,619,192	10.35%

The following table sets forth information as of February 29, 2012 regarding the location of the mortgaged property securing mortgage loans and participations in mortgage loans expected to constitute substantially all of the Overcollateralization Fund Single-Family Loans.

Overcollateralization Fund Single-Family Loan Location

<u>County</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Overcollateralization Fund Single-Family Loans by Principal Balance</u>
Butte	\$ 1,282,802.58	5.0700%
Contra Costa	677,449.88	2.6800
Fresno	2,761,186.23	10.9100
Imperial	724,691.26	2.8700
Kern	1,868,146.64	7.3900
Kings	646,169.22	2.5600
Los Angeles	3,868,373.60	15.2900
Orange	1,208,030.41	4.7700
Riverside	609,820.99	2.4100
Sacramento	575,152.35	2.2700
San Diego	1,974,302.85	7.8000
San Joaquin	780,280.75	3.0800
Santa Barbara	642,939.48	2.5400
Santa Clara	1,186,297.51	4.6900
Solano	580,404.51	2.2900
Tulare	2,572,543.50	10.1700
Other Counties†	<u>3,342,458.10</u>	<u>13.2100</u>
Total	\$25,301,049.86	100.0000%

†Counties with less than 2.0% of total Overcollateralization Fund Single-Family Loans by principal balance.

The following six tables set forth information as of February 29, 2012 regarding the distribution of the mortgage loans and participations in mortgage loans expected to constitute substantially all of the Overcollateralization Fund Single-Family Loans among categories of mortgage insurance type or non-insured status, loan amortization type and origination year, and regarding the respective percentages of expected Overcollateralization Fund Single-Family Loans in such categories that were 30, 60, or 90 or more days delinquent. Following these tables is a table that sets forth information as of February 29, 2012 concerning the Servicers of the mortgage loans and participations in mortgage loans expected to constitute substantially all of the Overcollateralization Fund Single-Family Loans.

Overcollateralization Fund Single-Family Loans Delinquency as of February 29, 2012

By mortgage insurance type

	Loan Count	Balance	Percent	DELINQUENCY RATIOS			
				30-Day	60-Day	90(+) Day	Total
Federal Guaranty							
FHA	692	\$ 18,779,163	74.22%	4.34%	1.16%	2.46%	7.95%
VA	58	2,475,147	9.78%	1.72%	0.00%	0.00%	1.72%
Conventional loans							
with MI							
CalHFA MI Fund	37	1,219,272	4.82%	2.70%	0.00%	0.00%	2.70%
without MI							
Orig with no MI	3	208,277	0.82%	33.33%	0.00%	0.00%	33.33%
MI Cancelled*	213	2,619,192	10.35%	2.35%	0.47%	0.00%	2.82%
Total	1,003	\$ 25,301,050	100.00%	3.79%	0.90%	1.69%	6.38%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

By loan type

	Loan Count	Balance	Percent	DELINQUENCY RATIOS			
				30-Day	60-Day	90(+) Day	Total
30-yr level amort							
FHA	692	\$ 18,779,163	74.22%	4.34%	1.16%	2.46%	7.95%
VA	58	2,475,147	9.78%	1.72%	0.00%	0.00%	1.72%
Conventional - with MI	37	1,219,272	4.82%	2.70%	0.00%	0.00%	2.70%
Conventional - w/o MI	216	2,827,469	11.18%	2.78%	0.46%	0.00%	3.24%
Total	1,003	\$ 25,301,050	100.00%	3.79%	0.90%	1.69%	6.38%
All conventional loans:	253	\$ 4,046,740		2.77%	0.40%	0.00%	3.16%

**FHA loan portfolio
By loan type and vintage**

FHA Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	692	18,779,163	100.0%	4.34%	1.16%	2.46%	7.95%
2004	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2005	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2006	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2007	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2008	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	692	\$18,779,163	100.0%	4.34%	1.16%	2.46%	7.95%

Overcollateralization Fund Single-Family Loans Delinquency as of February 29, 2012

**All conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	253	4,046,740	100.0%	2.77%	0.40%	0.00%	3.16%
2004	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2005	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2006	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2007	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2008	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	253	\$4,046,740	100.0%	2.77%	0.40%	0.00%	3.16%

**Insured conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	37	1,219,272	100.0%	2.70%	0.00%	0.00%	2.70%
2004	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2005	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2006	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2007	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2008	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	37	\$1,219,272	100.0%	2.70%	0.00%	0.00%	2.70%

**Uninsured conventional loans
By loan type and vintage**

Conventional Loans:	# of loans	Balance	%	Delinquency Ratios			
				30-Day	60-Day	90-Day+	Total
30-yr level amort							
Pre-2004	216	2,827,469	100.0%	2.78%	0.46%	0.00%	3.24%
2004	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2005	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2006	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2007	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2008	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
2009	0	0	0.0%	0.00%	0.00%	0.00%	0.00%
	216	\$2,827,469	100.0%	2.78%	0.46%	0.00%	3.24%

Servicers of Overcollateralization Fund Single-Family Loans

Servicers of Greater Than 5% in Principal Amount of Overcollateralization Fund Single- Family Loans as of February 29, 2012	Approximate Principal Amounts of Overcollateralization Fund Single-Family Loans Being Serviced as of February 29, 2012	Percentage of Portfolio Serviced
Everhome Mortgage Company	\$ 8,052,920	31.828%
Wells Fargo Home Mortgage	6,893,650	27.246%
Guild Mortgage	4,109,342	16.242%
BAC Home Loans Servicing, LP	2,923,097	11.553%
CalHFA - Loan Servicing	1,480,273	5.851%
All Other (4) Servicers	1,841,768	7.279%
Total	<u>\$ 25,301,050</u>	<u>100.000%</u>

The following table sets forth information as of February 29, 2012 regarding the multifamily mortgage loans expected to constitute substantially all of the Overcollateralization Fund Multifamily Loans.

Interest Rate	Year of Origination	Original Mortgage Term (in Months)	Remaining Mortgage Term (in Months)	County	Original Loan Amount	Outstanding Principal Balance
9.150%	1983	480	139	Los Angeles	\$ 2,616,300.00	\$ 1,899,563.42 *
11.500	1982	480	121	Los Angeles	203,800.00	140,594.78 *
9.050	1983	480	141	Los Angeles	2,732,400.00	1,994,567.96 *
9.150	1983	480	140	Los Angeles	2,575,200.00	1,879,094.94 *
7.250	1995	360	157	Los Angeles	1,790,000.00	1,236,100.87 †
7.250	1995	360	157	Los Angeles	1,700,000.00	1,173,923.11 †
7.250	1995	360	157	Los Angeles	2,250,000.00	1,553,760.17 †
7.250	1995	360	157	Los Angeles	1,850,000.00	1,277,504.33 †
7.250	1995	360	157	Los Angeles	2,500,000.00	1,726,359.77 †
7.250	1995	360	157	Los Angeles	3,400,000.00	2,347,850.24 †
7.500	1981	480	107	Los Angeles	<u>3,889,000.00</u>	<u>1,989,417.71</u> *
Total					\$25,506,700.00	\$17,218,737.30

* Loan is the subject of FHA insurance pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended. The related development is the subject of a contract pursuant to Section 8 of the United States Housing Act of 1937, as amended, that has been renewed following the initial expiration thereof and provides for housing assistance payments for a specified term, subject to annual federal appropriations.

† Loan is the subject of FHA insurance pursuant to the Risk Sharing Act.

The following table provides certain information as of February 29, 2012 with respect to mortgage-backed securities expected to constitute substantially all of the Overcollateralization Fund Multifamily Securities.

Overcollateralization Fund Multifamily Securities

Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass-through Rate	Original Certificate Amount¹	Certificate Remaining Principal Balance¹
FN 470096	31381TGD6	5.45%	3.83%	\$3,737,813.00	\$3,699,400.73
FN 470095	31381TGC8	5.35%	3.73%	3,708,062.00	3,681,275.85

¹ Source: <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>.

APPENDIX C

EXPECTED INVESTMENTS

The following table provides certain information as of February 29, 2012 with respect to participations in mortgage-backed securities. The Agency's current expectation is that such participations in mortgage-backed securities will constitute substantially all of the Program Bonds Mortgage-Backed Securities deposited in the Debt Reserve Fund on July 1, 2012. However, such information is dated as of February 29, 2012, and speaks only as of that date. Further, such participations in mortgage-backed securities may have principal payments scheduled thereon prior to their expected delivery and may also prepay in whole or in part at any time. Such repayments and prepayments will cause such information with respect to such participations in mortgage-backed securities on future dates to differ from that set forth below.

Program Bonds Mortgage-Backed Securities to be Deposited in the Debt Reserve Fund

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate ²	Certificate Interest Participation Percentage to be Owned Under Separately- Secured Indenture	Original Certificate Amount ¹	Certificate Remaining Principal Balance ¹	Certificate Principal Participation Percentage to be Owned Under Separately- Secured Indenture
Fannie Mae	FN 837072	31407P6H6	3.000%	2.500%	60.0005%	\$1,238,434	\$ 781,475	60.0005%
Fannie Mae	FN 872180	31409H6R0	3.000	2.500	2.5301	1,259,395	1,097,383	9.1125
Fannie Mae	FN 872185	31409H6W9	3.000	2.500	2.5675	947,362	267,957	5.6086
Fannie Mae	FN 872190	31409H7B4	3.000	2.500	61.4105	1,723,443	898,361	75.0503
Fannie Mae	FN 872193	31409H7E8	3.000	2.500	9.5575	827,100	297,779	9.5575
Fannie Mae	FN 872199	31409H7L2	3.000	2.500	9.5858	1,412,176	1,252,289	9.5858
Fannie Mae	FN 872211	31409JAL4	3.000	2.500	50.1961	1,428,410	678,595	50.1961
Fannie Mae	FN 872212	31409JAM2	3.000	2.500	7.4763	1,539,061	1,150,833	7.4763
Fannie Mae	FN 872215	31409JAQ3	3.000	2.500	32.7095	1,927,295	1,526,200	42.5485
Fannie Mae	FN 872216	31409JAR1	3.000	2.500	3.2965	1,380,815	894,530	3.2965
Fannie Mae	FN 872222	31409JAX8	4.000	3.500	20.0357	1,116,340	379,831	20.0357
Fannie Mae	FN 872225	31409JA26	3.000	2.500	13.2131	937,000	590,443	13.2131
Fannie Mae	FN 872226	31409JA34	4.000	3.500	13.2094	877,843	306,677	13.2094
Fannie Mae	FN 949147	31413L5G0	4.000	3.500%	13.2137	1,544,490	1,369,833	13.2137

Type: GNMA or Fannie Mae	GNMA or Fannie Mae Pool Number	CUSIP	Underlying Mortgage Rate	Pass- through Rate ²	Certificate Interest Participation Percentage to be Owned Under Separately- Secured Indenture	Original Certificate Amount ¹	Certificate Remaining Principal Balance ¹	Certificate Principal Participation Percentage to be Owned Under Separately- Secured Indenture
Fannie Mae	FN 949169	31413L6E4	4.000%	3.500%	5.8949%	\$2,070,001	\$1,709,461	9.1138%
Fannie Mae	FN 954008	31413SKV5	6.375	6.030	25.8124	2,482,962	1,772,082	25.8124
Fannie Mae	FN 954554	31413S5P5	6.625	6.280	25.8124	190,204	190,204	25.8124
Fannie Mae	FN 960864	31414A5Z1	6.250	5.905	1.2684	5,425,341	3,380,061	1.2743
Fannie Mae	FN 960867	31414A6C1	6.375	6.030	1.7737	1,194,838	261,900	1.7819
Fannie Mae	FN 962318	31414CSF6	6.250	5.905	3.2858	6,192,072	3,516,686	3.3609
Fannie Mae	FN 969257	31414LJA7	4.000	3.500	24.2208	4,043,178	3,034,820	24.2208
Fannie Mae	FN 969259	31414LJC3	4.000	3.500	16.6613	2,719,789	2,215,860	16.6613
Fannie Mae	FN 970978	31414NFT6	5.500	5.062	60.0005	243,732	232,623	60.0005
Fannie Mae	FN AA2708	31416LAJ5	4.000	3.500	1.3631	1,345,928	920,494	1.6839
Fannie Mae	FN AA6952	31416QWN1	5.500	5.062	60.0005	139,692	134,196	60.0005
GNMA	G2 600916	36200GSD9	5.750	5.250	14.0644	2,505,954	658,197	14.0644
GNMA	G2 600917	36200GSE7	6.250	5.750	13.6312	4,196,170	169,708	13.6312
GNMA	G2 600930	36200GST4	7.000	6.500	20.1343	2,355,853	95,909	20.1343
GNMA	GN 507843	36211BEQ3	6.500	6.000	13.2181	1,416,104	68,831	13.2181
GNMA	GN 571158	36200SQK9	6.750	6.250	13.2265	3,814,218	207,799	13.2265
GNMA	GN 571160	36200SQM5	7.000	6.500	13.2107	2,509,991	59,733	13.2107
GNMA	GN 762684	36176DCV3	4.000	3.500	0.0000	73,859	72,113	4.0757
GNMA	GN 763061	36176DQN6	4.125	3.625	0.0000	3,105,704	3,059,712	3.3964
GNMA	GN 763288	36176DXR9	4.250	3.750	0.0000	7,063,652	6,587,143	2.7171

¹ Source: Ginnie Mae MBS Tax, Pool, RPB and Factor Data Search Page at <http://structuredginniemae.ginnienet.com/factorreporting/>, or <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>, as applicable. Amounts in these columns must be multiplied by the applicable percentage under “Certificate Principal Participation Percentage to be Owned Under Separately-Secured Indenture” to derive the amount thereof to be allocable to the Separately-Secured Indenture.

² The amount of an interest distribution on a security, calculated using the pass-through rate in this column, must be multiplied by the applicable percentage under “Certificate Interest Participation Percentage to be Owned Under Separately-Secured Indenture” to derive the amount, if any, of such interest distribution to be allocable to the Separately-Secured Indenture.

The amount expected to be deposited in the Costs of Issuance Fund on the Release Date with respect to the Program Bonds (approximately \$357,535) will be invested in U.S. government or other government agency security repurchase agreements with U.S. Bank National Association pursuant to which U.S. Bank National Association pays interest on invested amounts at a variable rate and invested amounts may be withdrawn at any time without penalty.

The proceeds of the Program Bonds transferred to the 2009 Series A-5 Acquisition Fund on the Release Date with respect to the Program Bonds prior to transfer of such proceeds to the Agency's Home Mortgage Revenue Bonds indenture on July 1, 2012, the moneys expected to be deposited in the Debt Reserve Fund on July 1, 2012 (approximately \$8,475,463) and the moneys expected to be deposited in the Overcollateralization Fund on the Release Date with respect to the Program Bonds (approximately \$700,000) initially will be invested in, and amounts to be deposited in the Revenue Fund currently are expected to be invested in, the Surplus Money Investment Fund, a portion of the California Pooled Money Investment Account ("PMIA") managed by the Treasurer of the State of California. The following table presents certain information concerning PMIA as of March 31, 2012.

**Analysis of the State of California Pooled Money Investment Account Portfolio++
As of March 31, 2012**

<u>Type of Security</u>	<u>Amount (Millions)</u>	<u>Percent of Total</u>
U.S. Treasury Bills and Notes	\$ 32,400	50.35 %
Federal Agency Coupons	1,510	2.35
Certificates of Deposit	6,475	10.06
IBRD Deb FR	700	1.09
Bank Notes	-	0.00
CDs - Floaters	400	0.62
Bankers' Acceptances	-	0.00
Repurchases	-	0.00
Federal Agency Discount Notes	4,792	7.45
Time Deposits	4,300	6.68
GNMAs	-	0.00
Commercial Paper	400	0.62
FHLMC	365	0.57
Corporate Bonds	-	0.00
Pooled Loans	13,005	20.21
NOW Account	-	0.00
State of California General Fund Loans	-	0.00
Reversed Repurchases	-	0.00
	<u>\$ 64,347</u>	<u>100.00 %</u>

++ Totals may not add due to rounding.

SOURCE: State of California, Office of the Treasurer.

The State's treasury operations are managed in compliance with the California Government Code and according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The PMIA operates with the oversight of the Pooled Money Investment Board (consisting of the State Treasurer, the State Controller and Director of Finance).

The Treasurer does not invest in leveraged products or inverse floating rate securities. The investment policy permits the use of reverse repurchase agreements subject to limits of no more than 10 percent of the PMIA. All reverse repurchase agreements are cash matched either to the maturity of the reinvestment or an adequately positive cash flow date which is approximate to the maturity of the reinvestment. The PMIA does not hold any investments in obligations of California investor-owned utilities.

The average life to the investment portfolio of the PMIA as of March 31, 2012 was 243 days.