

INDENTURE

by and between

CALIFORNIA HOUSING FINANCE AGENCY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of _____ 1, 2023

Relating to:

CALIFORNIA HOUSING FINANCE AGENCY
AFFORDABLE HOUSING REVENUE BONDS

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THIS INDENTURE, made and entered into as of _____ 1, 2023, by and between the CALIFORNIA HOUSING FINANCE AGENCY (together with its successors and assigns, the “Agency”), a public instrumentality and political subdivision of the State of California (the “State”) created by the Zenovich-Moscone-Chacon Housing and Home Finance Act, consisting of Parts 1 through 4 of Division 31 of the California Health and Safety Code (the “Act”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, having a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”);

WITNESSETH:

WHEREAS, pursuant to the Act, the Agency is empowered to issue its revenue bonds and loan the proceeds thereof to, among other things, finance or refinance affordable housing, including residential structures, housing developments, multifamily rental housing, special needs housing, and other forms of housing permitted by the Act;

WHEREAS, the Agency has determined to borrow money for the purpose of financing or refinancing affordable housing, including residential structures, housing developments, multifamily rental housing, special needs housing, and other forms of housing permitted by the Act and, to that end, has duly authorized the issuance of its bonds hereunder, and to secure the payment of the principal thereof and of the interest and premium (if any) thereon, and the observance of the covenants and conditions herein contained, has authorized the execution and delivery of this Indenture;

WHEREAS, said bonds are to be issued hereunder and designated the “California Housing Finance Agency Affordable Housing Revenue Bonds” (herein called the “Bonds”), from time to time, in an aggregate principal amount not limited except as hereinafter provided;

WHEREAS, the Agency has determined that it may provide for supplemental credit or liquidity support for any Series of Bonds to the extent necessary to obtain, if desirable, a credit rating for such Series as hereinafter specified; and

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the Secured Obligations (as hereinafter defined), and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby grant, bargain,

sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee and to its successors in the trusts hereby created, all and singular, the property of the Agency, real and personal, hereinafter described (said property being herein sometimes referred to as the "Trust Estate"), in each case subject to the provisions of this Indenture permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in this Indenture:

1. All of the right, title and interest of the Agency in, to and under the Borrower Loans (as hereinafter defined) financed or refinanced pursuant to this Indenture;
2. All of the Revenues (as hereinafter defined);
3. All proceeds of the sale of Bonds;
4. All Accounts (as hereinafter defined, other than the Rebate Fund), and the moneys and securities therein; and
5. All property which is by the express provisions of this Indenture required to be subjected to the lien hereof; and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Agency or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder;

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

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

And it is hereby covenanted and agreed that all of the Bonds shall be issued, authenticated and delivered, and that the Trust Estate shall be held by the Trustee, subject only to the further covenants, conditions, uses, applications and trusts hereinafter set forth, and the Agency agrees and covenants with the Trustee and with the holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS, INTERPRETATION

Section 1.1. Definitions. In this Indenture, unless the context otherwise requires, the following words and terms shall have the following meanings:

“Account” means one of the special accounts (other than the Rebate Fund) created and established pursuant to this Indenture or a Supplemental Indenture.

“Accreted Amount” means, as of any Interest Payment Date, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, such amounts as are set forth in the Supplemental Indenture authorizing such Capital Appreciation Bonds and Convertible Capital Appreciation Bonds. “Accreted Amount” means, as of any date other than an Interest Payment Date, the sum of (a) the Accreted Amount on the preceding Interest Payment Date and (b) the product of (x), a fraction, the numerator of which is the number of days having elapsed from the preceding Interest Payment Date and the denominator of which is the number of days from such preceding Interest Payment Date to the next succeeding Interest Payment Date and (y) the difference between the Accreted Amounts for such Interest Payment Dates.

“Acquired Project” means a Project financed by a Borrower Loan, if title to or the right to possession thereof has been acquired by the Agency through protection and enforcement of its rights conferred by law or the Deed of Trust upon such Project.

“Acquired Project Expenses” means all costs and expenses arising from the acquisition, ownership, possession, operation or maintenance of an Acquired Project, including reasonable operating, repair and replacement reserves therefor.

“Acquired Project Gross Operating Income” means all moneys received in connection with the acquisition, ownership, possession, operation or maintenance of an Acquired Project.

“Acquired Project Net Operating Income” means Acquired Project Gross Operating Income less Acquired Project Expenses.

“Act” means Parts 1 through 4 of Division 31 of the Health and Safety Code of the State, and all law supplementary thereto and amendatory thereof.

“Administrative Fee” means [REDACTED].¹

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

“Agency Purposes” means any purpose for which the Agency may issue bonds pursuant to the Act or other applicable law.

¹ NTD: Morgan Stanley to advise.

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

“Bond” means one of the bonds to be authenticated and delivered pursuant to this Indenture.

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Agency and satisfactory to the Trustee.

“Bondholder” or “Holder” or “owner” or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

“Bond Proceeds Account” means the Bond Proceeds Account established pursuant to this Indenture.

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

“Borrower” means the direct or indirect obligor on a Borrower Loan.

“Borrower Loan” means a loan made, purchased or otherwise acquired, evidenced by a Borrower Note, for a Project or Residential Structure, including for the construction or acquisition and rehabilitation thereof, secured by a Deed of Trust and specified in a Supplemental Indenture; provided, that Borrower Loan shall also mean a participation by the Agency with another party or parties, public or private, in a loan made to a Borrower with respect to a Project; provided, further, that Borrower Loan shall also mean an instrument evidencing an ownership interest in such loans, including, but not limited to, a mortgage-backed security guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and any replacement of any of said Borrower Loans as provided in Section 7.11 hereof.

“Borrower Note” means the promissory note evidencing a Borrower Loan.

“Business Day” means any day other than (a) a Saturday, Sunday or legal holiday in the State, (b) any day on which the corporate trust office of the Trustee is closed, (c) any day on which the New York Stock Exchange is closed or (d) so long as any Series of Bonds is held in book-entry form, any day on which the securities depository with respect thereto is closed.

“Capital Appreciation Bonds” means any non-current interest paying Bonds as designated in the applicable Supplemental Indenture.

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

“Cash Equivalent” means a Letter of Credit, Insurance Policy, Surety, Guaranty or other Security Arrangement (each as defined and provided for in a Supplemental Indenture), provided by an entity which has received a rating of its claims paying ability from at least one nationally recognized rating agency at least equivalent to the then-existing rating on the Rated Bonds (without regard to any Credit Facility securing such Rated Bonds) or whose unsecured long-term debt securities have received a rating from at least one nationally recognized rating agency at least equivalent to the then existing rating on the Rated Bonds (without regard to any Credit Facility securing such Rated Bonds) (or equivalent to “A-1” or “P-1”, if the Cash Equivalent has a remaining term at the time of acquisition not exceeding one year); provided, however, that a Cash Equivalent may be provided by an entity which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Rated Bonds (without regard to any Credit Facility securing such Rated Bonds) by any of the Rating Agencies.

“Cash Flow Certificate” means a Cash Flow Certificate conforming to the requirements of Section 7.16 of this Indenture.

“Cash Flow Statement” means a Cash Flow Statement conforming to the requirements of Section 7.16 of this Indenture.

“Certificate” means a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Indenture.

“Code” means the Internal Revenue Code of 1986, as amended.

“Convertible Capital Appreciation Bonds” means any non-current interest paying Bonds which, on a specified date, convert to current interest paying Bonds, as designated in the applicable Supplemental Indenture.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the Agency and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

“Credit Facility” means any of the following if designated as a Credit Facility hereunder in a Supplemental Indenture: (i) a letter of credit, (ii) cash, (iii) a certified or bank check, (iv) Investment Securities, (v) a policy of bond insurance, (vi) a liquidity facility, (vii) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof.

“Credit Facility Provider” means the issuer of or obligor under a Credit Facility.

“Debt Service” means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installments of such Bonds during such Bond Year.

“Debt Service Reserve Account” means the Debt Service Reserve Account established pursuant to this Indenture.

“Debt Service Reserve Account Requirement” means as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Account Requirement for each Series of Bonds in the Supplemental Indenture authorizing the issuance of a Series of Bonds; provided, however, that a Supplemental Indenture may provide that the Debt Service Reserve Account Requirement for the Series of Bonds authorized thereunder may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of this Indenture with respect to the Debt Service Reserve Account Requirement and the amounts required to be on deposit in the Debt Service Reserve Account.

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

“Escrow Payments” means and includes all amounts whether paid directly to the Agency or to the servicer of any Borrower Loan representing payments to obtain or maintain mortgage insurance or any subsidy with respect to a Borrower Loan or the Project premises or payments in connection with real estate taxes, assessments, water charges, sewer rents, ground rents, fire or other insurance, replacement or operating reserves or other like payments in connection therewith.

“Event of Default” means any of the events specified in Section 10.1.

“Government Obligations” means direct general obligations of the United States of America or of the State, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, any federal agency of the United States of America, or the State.

“Hedge Receipt” means the net amount required to be paid to the Agency under a Qualified Hedge, but shall not include any Termination Receipt.

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

“Interest Payment Date” means any date upon which interest on the Bonds is due and payable in accordance with their terms.

[“Investment Securities” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Agency under the Act, including the amendments thereto hereafter made, or under other applicable law:

(1) Government Obligations;

(6)

(2) bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and Banks for Cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stock, bonds, debentures and other obligations of Fannie Mae or of the Government National Mortgage Association, established under the National Housing Act, as amended, bonds of any Federal Home Loan Bank established under said act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation guaranteeing timely payment of principal and interest, bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, except, in each case, securities evidencing ownership interests in specified portions of the interest on or principal of such obligations;

(3) commercial paper rated within the highest three Rating Categories of each Rating Agency and issued by corporations (a) organized and operating within the United States; and (b) having total assets in excess of five hundred million dollars (\$500,000,000);

(4) bills of exchange or time drafts drawn on and accepted by a commercial bank the general obligations of which are rated within the highest three Rating Categories by each Rating Agency, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System, and negotiable certificates of deposits issued by a nationally or state-chartered bank or savings and loan association which are insured by federal deposit insurance, or which are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(5) bonds, debentures, and notes issued by corporations organized and operating within the United States and rated within the highest three Rating Categories by each Rating Agency;

(6) repurchase agreements or reverse repurchase agreements, with nationally recognized broker-dealers which are agreements for the purchase or sale of Investment Securities pursuant to which the seller or buyer agrees to repurchase or sell back such securities on or before a specified date and for a specified amount, which seller or buyer has outstanding long-term indebtedness which are rated within the highest three Rating Categories by each Rating Agency;

(7) investment agreements with corporations, financial institutions or national associations within the United States the general obligations of which (or, if payment of such investment agreement is guaranteed, the general obligations of the guarantor) are rated within the highest three Rating Categories by each Rating Agency;

(8) interest bearing accounts in State or national banks or other financial institutions having principal offices in the State (including those of the Trustee or its affiliates) which, to the extent they are not insured by federal deposit insurance, are issued by an institution the general obligations of which are rated within the highest three Rating Categories by each Rating Agency;

(9) interests in any short-term investment fund (including those of the Trustee or its affiliates) restricted to investment in obligations described in any of clauses (1) through (5) above, which are rated within the highest three Rating Categories by each Rating Agency;

(10) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act; and

(11) money market funds rated AAA by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended]²

“Outstanding”, when used with reference to Bonds, means, as of any date, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment or redemption of which there have been separately set aside and held in a Redemption Account hereunder (except with respect to any Bond for any period during which, pursuant to the applicable Supplemental Indenture, such Bond is not subject to defeasance pursuant to the provisions of Section 12.1 hereof) either:

(a) monies in an amount sufficient to effect payment of the principal or applicable Redemption Price thereof, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such monies to such payment or redemption on the date so specified; or

(b) Government Obligations, as described in Section 12.1(B), in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide monies in an amount sufficient to effect payment of the principal or applicable Redemption Price of such Bond, together with accrued interest on such Bond to the payment date or Redemption Date, which payment date or Redemption Date shall be specified in irrevocable instructions to the Trustee to apply such monies to such payment or redemption on the date so specified; or

(c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 6.6 or Section 9.6 hereof or

² NTD: This tracks the definition of “Investment Obligation” from MFIII and included in CalHFA’s 2022 Investment and Debt Management Policy, with the following exceptions: (i) item (11) was added here at the request of the Trustee, and (ii) the following from MFIII was not included because it was GO-specific: “other investment securities which will not cause any Unenhanced Rating on any Bonds to be reduced or withdrawn”. CalHFA to advise whether the addition of item (11) requires amending the Investment Policy.

pursuant to the applicable Supplemental Indenture in connection with a tender of such Bond; and

(4) any Bond deemed to have been paid as provided in subsection (B) of Section 12.1.

“Permitted Encumbrances” means such liens, encumbrances, declarations, reservations, easements, rights of way and other clouds on title as do not impair the use or value of the premises or such other liens, encumbrances, declarations, reservations, easements, rights of way and other clouds on title as are specified in a Supplemental Indenture with respect to a Borrower Loan.

“Pledged Receipts” means, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, (i) the scheduled or other payments required by any Borrower Loan and paid to or to be paid to the Agency from any source, including, but not limited to, interest, rent or other subsidy payments, and including both timely and delinquent payments, (ii) Hedge Receipts, (iii) Termination Receipts, (iv) accrued interest received at the sale of Bonds, (v) Acquired Project Net Operating Income, and (vi) all income earned or gain realized in excess of losses suffered on any investment or deposit of monies in the Accounts established and maintained pursuant to the Indenture or a Supplemental Indenture (other than the Unrestricted Account of the Special Reserve Fund and any sub-accounts therein), or monies provided by the Agency and held in trust for the benefit of the Bondholders pursuant to the Indenture, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any payments with respect to any Borrower Loan received prior to the date that Revenues therefrom are pledged under this Indenture, Escrow Payments, late charges, administrative or credit enhancement fees, if any, of the Agency or any amount retained by the servicer (which may include the Agency) of any Borrower Loan, as financing, servicing, extension or settlement fees.

“Principal” or “principal” means (i) as such term references the principal amount of any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, the Accreted Amount thereof (the excess of the stated maturity amount of a Capital Appreciation Bond or Convertible Capital Appreciation Bond above the Accreted Amount thereof being deemed unearned interest on such Bond), except as used in the Indenture in connection with the authorization and issuance of Bonds and in the order of priority of payments on Bonds after default, in which cases the term “principal” shall mean the initial public sale price of a Capital Appreciation Bond or Convertible Capital Appreciation Bond, and the difference between the Accreted Amount of such Capital Appreciation Bond or Convertible Capital Appreciation Bond and the initial public sale price thereof shall be deemed to be interest, and (ii) as such term references the principal amount of any other Bond, the principal amount at maturity of such Bond.

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Indenture of Sinking Fund Payments payable before such future date, plus (ii) the unsatisfied balance, determined as provided in subsection 5.4(D), of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the

premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

“Project” means any multifamily rental housing development, Residential Structure or other facility financeable by the Agency under the Act or other applicable law and approved by the Agency.

“Qualified Hedge” means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Agency with an entity that is a Qualified Hedge Provider at the time the arrangement initially is entered into; (ii) which is a cap, floor or collar; forward rate; future rate; swap; asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto; or any similar arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge hereunder.

“Qualified Hedge Payment” means the net amount required to be paid by the Agency under a Qualified Hedge, other than (a) Termination Payments and (b) fees, expenses or similar other charges or obligations thereunder.

“Qualified Hedge Provider” means an entity whose general obligations at the time of execution of the related Qualified Hedge are rated “A” or equivalent or better by each Rating Agency; provided, however, that the definition of Qualified Hedge Provider shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to this Indenture by a Supplemental Indenture, thus permitting hedge providers with different characteristics from those permitted pursuant to this definition, which the Agency deems from time to time to be in the interests of the Agency to include as Qualified Hedge Providers if at the time of inclusion there is delivered to the Trustee a Rating Confirmation regarding such inclusion.

“Rated Bond” means a Bond (other than a Subordinate Bond) that has been assigned a rating, without regard to any Credit Facility securing such Bond, by a Rating Agency pursuant to a request for a rating by the Agency, but excludes any such Bond during any period that commences on a date of remarketing of such Bond if no Rating Agency has at the request of the Agency assigned such a rating to such Bond during such period.

“Rating Agency” means any nationally recognized rating agency when any Bonds are rated by such agency, pursuant to a request for a rating by the Agency.

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

“Rating Confirmation” means, with respect to a proposed action, a statement by at least one Rating Agency that refers to the proposed action and states, with respect to each Rated Bond rated by such Rating Agency, that its then-existing rating is confirmed or that such action will not cause such Rating Agency to lower, suspend or withdraw the rating assigned to such Rated Bond. (For purposes of this definition, “rating” with respect to a Rated Bond and a Rating Agency

means such Rating Agency's rating of such Rated Bond without regard to any Credit Facility securing such Rated Bond.)

"Rebate Amount" means, with respect to a particular Series of Bonds, the amount, if any, required to be deposited in the Rebate Fund in order to comply with the covenants contained in Section 7.8.

"Rebate Fund" means the Rebate Fund established pursuant to this Indenture.

"Record Date" means, with respect to the payment of interest on a Series of Bonds, the date or dates specified in the applicable Supplemental Indenture.

"Recoveries of Principal" means, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, all amounts received by the Agency as a recovery of the principal amount disbursed by the Agency in connection with any Borrower Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Borrower Loan, at the option of the Borrower, (ii) the sale, assignment, endorsement or other disposition thereof, (iii) the acceleration of payments due thereunder or other remedial proceedings taken in the event of the default thereon, (iv) proceeds of any insurance award resulting from the damage or destruction of a Project which are required to be applied to payment of a Borrower Note pursuant to a Deed of Trust, (v) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, a Project or any portion thereof, which proceeds are required to be applied to payment of a Borrower Note pursuant to a Deed of Trust, (vi) proceeds of sale of an Acquired Project, or (vii) proceeds of any mortgage insurance or credit enhancement with respect to a Borrower Loan which is in default.

"Redemption Account" means the Redemption Account established pursuant to this Indenture.

"Redemption Date" means the date or dates upon which Bonds are to be called for redemption pursuant to this Indenture and the applicable Supplemental Indenture.

"Redemption Price" means, with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof.

"Residential Structures" means any existing structure of one to four units or any work or undertaking of one to four dwelling units of new construction or rehabilitation for the provision of housing financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income.

"Revenue Account" means the Revenue Account established pursuant to this Indenture.

"Revenues" means the Pledged Receipts and Recoveries of Principal.

“Secured Obligations” means, collectively, the Bonds and the Qualified Hedge Payments.

“Series” means any Series of Bonds issued pursuant to this Indenture.

“Sinking Fund Payment” means, with respect to a particular Bond of a Series, as of any particular date of calculation, the amount required to be paid at all events by the Agency on a single future date for the retirement of Outstanding Bonds of such Series which mature after said future date, but does not include any amount payable by the Agency by reason of the maturity of a Bond of such Series or by call for redemption at the election of the Agency.

“Special Reserve Fund” means the Special Reserve Fund established pursuant to this Indenture.

“State” means the State of California.

“Subordinate Bonds” means any Bonds which, pursuant to the Supplemental Indenture authorizing such Bonds, are secured by a subordinate charge and lien on the Revenues and assets pledged under this Indenture.

“Subordinate Obligations” means (i) the Agency’s obligation to make Termination Payments and (ii) any other payment obligation of the Agency that arises under a contract, agreement or other obligation of the Agency and has been designated in writing to the Trustee by an Authorized Officer as a Subordinate Obligation hereunder.

“Supplemental Indenture” means any indenture supplemental to or amendatory of this Indenture, executed by the Agency and the Trustee and effective in accordance with Article VIII and, if providing for the issuance of Bonds, Article II.

“Termination Payment” means, with respect to a Qualified Hedge, an amount required to be paid by the Agency to a Qualified Hedge Provider as a result of the termination, in advance of the stated termination date or scheduled reduction, of the related Qualified Hedge, or required to be paid by the Agency into a collateral account as a source of payment of such an amount required to be paid to a Qualified Hedge Provider.

“Termination Receipt” means an amount required to be paid to the Agency under a Qualified Hedge by the Qualified Hedge Provider as a result of the termination, in advance of the stated termination date or scheduled reduction, of such a Qualified Hedge.

“Trustee” means the trustee designated as Trustee herein and its successor or successors and any other person at any time substituted in its place pursuant to this Indenture.

Section 1.2. Interpretation. (A) In this Indenture, unless the context otherwise requires:

(1) the terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “heretofore” means before, and the term “hereafter” means after, the date of this Indenture;

(2) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa;

(3) words importing persons shall include firms, associations, limited liability companies, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(5) if at any time there shall be one person who shall be the owner of all of the Outstanding Bonds and the consent of the Trustee shall be required under this Indenture, such consent means the consent of such person, unless such person shall have been notified and shall not have responded within a reasonable period of time;

(6) this Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(7) words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of said Bond;

(8) the date upon which any Sinking Fund Payment is required to be paid pursuant to this Indenture and the provisions of the Bonds shall be deemed to be the date upon which such Sinking Fund Payment is payable and the Outstanding Bonds to be retired by application of such Sinking Fund Payment shall be deemed to be the Bonds entitled to such Sinking Fund Payment;

(9) whenever in this Indenture the Agency is named or referred to, it shall and shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Agency contained in this Indenture shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture;

(10) any monies, documents, securities, obligations or other items received by the Trustee pursuant to the terms of this Indenture shall be deemed to have been received by the Agency; and

(11) whenever notice is to be provided pursuant to this Indenture, notice by electronic or other means shall be deemed sufficient provision of notice in lieu of notice by telephone, mail or publication, if so authorized by the Trustee in the case of notices to be provided

to the Trustee, and if so authorized by the securities depository in the case of notices to be provided to Bondholders.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Trustee and the owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the Agency, shall be for the sole and exclusive benefit of the Agency, the Trustee and the owners of the Bonds.

(C) If any one or more of the covenants or agreements provided herein on the part of the Agency or the Trustee to be performed should be contrary to law, then such covenant or agreement shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

(D) All resolutions or parts of resolutions or other proceedings of the Agency with respect to the Borrower Loans or Projects in conflict are repealed insofar as such conflict exists. This provision shall not affect any actions taken by the Agency constituting official action in accordance with the Code with respect to any Borrower Loan or Project.

(E) No Cash Flow Statement or Cash Flow Certificate required by this Indenture shall include, as either assets or revenues, projected or otherwise, amounts in or to be deposited into the Rebate Fund in satisfaction of the Rebate Amount.

(F) All references to Section numbers or Article numbers which do not specify the document to which such Section numbers or Article numbers relate shall be deemed to refer to Section numbers or Article numbers, as the case may be, contained in this Indenture.

Section 1.3. Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Trustee, the Bondholders and any other holders of Secured Obligations, including any subrogee or assignee of the Bondholders and such other holders of Secured Obligations, any right, remedy or claim under or by reason of the Indenture, and any covenants, stipulations, obligations, promises and agreements in the Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Trustee, the Bondholders and the holders of Secured Obligations, including any subrogee or assignee of the Bondholders and the holders of Secured Obligations.

Section 1.4. Governing Law. This Indenture shall be governed by and construed and interpreted in accordance with the laws of the State without regard to conflicts of laws principles.

Section 1.5. Severability of Invalid Provisions. If any one or more of the provisions, covenants or agreements in the Indenture on the part of the Agency or the Trustee to be performed should be contrary to law, then such provision or provisions, covenant or covenants, or agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions of the Indenture or of the Bonds.

ARTICLE II

TERMS OF BONDS

Section 2.1. Authorization for Indenture and Bonds. This Indenture and the issuance of Bonds hereunder have been duly authorized by the Agency and the principal amount of Bonds that may be issued hereunder is not limited except as provided herein or by law. The Agency has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out the powers and duties expressly provided by the Act and other applicable law, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Agency in accordance with the Act and other applicable law and to carry out powers expressly given in the Act and other applicable law, and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful or convenient to carry out and effectuate the purposes of the Agency under the Act and other applicable law.

Section 2.2. Authorization, Principal Amount and Purpose of Bonds. In order to provide sufficient funds for financing the Agency Purposes, Bonds of the Agency are hereby authorized to be issued without limitation as to amount except as may be provided by law. No Bonds shall be issued unless and until the conditions contained in Section 2.4 and, if applicable, Section 2.5 are satisfied.

Section 2.3. Issuance and Delivery of Bonds. After their authorization by the Agency, Bonds, including refunding Bonds authorized pursuant to Section 2.5 hereof, may be executed by or on behalf of the Agency and delivered to the Trustee for authentication and, upon compliance by the Agency with the requirements of Section 2.4, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Agency.

Section 2.4. Conditions Precedent to Delivery of Bonds. The Bonds shall be executed by the Agency for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Agency or upon its order, but only upon the receipt by the Trustee of:

(1) a copy of this Indenture and a Supplemental Indenture authorizing such Bonds, certified by an Authorized Officer, which shall specify:

(a) the authorized principal amount and designation of such Bonds;

(b) the purposes for which such Bonds are being issued, which shall be one or more of the following: (i) the financing of one or more of the Agency Purposes, including, but not limited to, the financing or refinancing of Borrower Loans (including any increases with respect to Borrower Loans), (ii) the making of deposits in the amounts, if any, required or permitted by this Indenture or such Supplemental Indenture into the Accounts established hereunder or under such Supplemental Indenture, (iii) the refunding of Bonds or any other bonds, notes or other obligations of the Agency or other entity, (iv) the paying of Costs of Issuance, (v) the funding of Capitalized Interest, or (vi) any combination of the foregoing;

- (c) the dated dates and maturity dates of such Bonds;
 - (d) the interest rate or rates of such Bonds (or the manner of determining such rate or rates) and the Interest Payment Dates therefor;
 - (e) the denominations of, and the manner of dating, numbering and lettering, such Bonds;
 - (f) the Trustee and the places of payment of such Bonds or, subject to Article XI, the manner of appointing and designating the same;
 - (g) the Redemption Prices, if any, of and, subject to the provisions of Article VI, the redemption terms for such Bonds;
 - (h) the amounts and due dates of the Sinking Fund Payments, if any, for any of such Bonds of like maturity;
 - (i) the Accreted Amounts for any Capital Appreciation Bonds and Convertible Capital Appreciation Bonds and, for any Convertible Capital Appreciation Bonds, the date on which such securities begin to pay current interest;
 - (j) the amount of the Debt Service Reserve Account Requirement with respect to such Bonds, which amount may be zero;
 - (k) provisions for the sale of such Bonds;
 - (l) provisions concerning the forms of such Bonds, and of the Trustee's certificate of authentication;
 - (m) provisions concerning any Credit Facility to be provided in connection with such Bonds;
 - (n) provisions concerning the issuance of such Bonds in book-entry form; and
 - (o) any other provisions deemed advisable by the Agency as shall not conflict with the provisions hereof;
- (2) a Bond Counsel's Opinion to the effect that (i) such Bonds constitute the valid and binding limited obligations of the Agency, (ii) each of this Indenture and the Supplemental Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Agency, and (iii) this Indenture and such Supplemental Indenture create the valid pledge, to secure the payment of the principal of and interest on such Bonds, of the Trust Estate, subject to the provisions of this Indenture and such Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture and such Supplemental Indenture;
- (3) a written order as to the delivery of such Bonds, signed by an Authorized Officer;

(4) the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to Article IV;

(5) such further documents and monies as are required by the provisions of Article VIII or any Supplemental Indenture executed and delivered pursuant to Article VIII; and

(6) a Cash Flow Statement conforming to the requirements of Section 7.16 hereof.

Section 2.5. Refunding Bonds. Refunding Bonds of the Agency may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, from time to time, for the purpose of providing funds, with any other available funds, for (i) redeeming (or purchasing in lieu of redemption) prior to their maturity or maturities, or retiring at their maturity or maturities, all or any part of the Outstanding Bonds of any Series, including the payment of any redemption premium thereon (or premium, to the extent permitted by law, included in the purchase price, if purchased in lieu of redemption), (ii) making any required deposits to the Debt Service Reserve Account, (iii) if deemed necessary by the Agency, paying the interest to accrue on the refunding Bonds or refunded Bonds to the date fixed for their redemption (or purchase) and (iv) paying any expenses in connection with such refunding. Before any Bonds shall be issued under the provisions of this paragraph, the Agency and the Trustee shall execute a Supplemental Indenture authorizing the issuance and sale of such Bonds, fixing the amount and the details thereof, describing the Bonds to be redeemed and setting forth determinations with respect to the same matters as are set forth in Section 2.4 hereof.

Refunding Bonds shall be designated, shall be in such denominations, shall be dated, shall bear interest, if any, at a rate or rates not exceeding the maximum rate then permitted by law payable beginning on such date, shall be stated to mature on such date or dates and in such year or years, shall have such Interest Payment Dates, and shall be made redeemable at such times and prices, shall be numbered, and any Term Bonds of such Series shall have such redemption provisions, all as may be provided by the Supplemental Indenture for such Bonds. Except as otherwise provided in the Supplemental Indenture authorizing a Series of refunding Bonds, refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as all other Bonds (other than Subordinate Bonds) issued under this Indenture, provided, however, a Supplemental Indenture may provide for differences in the maturities thereof or the Interest Payment Dates or the rate or rates of interest or the provisions for redemption.

Before any Series of refunding Bonds shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee, the following:

(a) the documents specified in clauses (1) through (5) of Section 2.4 hereof;

(b) either (i) the document specified in clause (6) of Section 2.4 hereof or (ii) a certificate of an Authorized Officer demonstrating that the issuance of such Series and the refunding of the Bonds to be refunded will not result in a reduction of the Debt Service Reserve Account Requirement as of the date the Bonds to be refunded cease to be Outstanding;

(c) a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any moneys

which have been made available to the Trustee for the purpose of paying Debt Service, or the principal of and the interest on the investment of such proceeds or any such moneys, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption and the expenses in connection with such refunding and to make any required deposits to the Debt Service Reserve Account; and

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

The proceeds of such refunding Bonds shall, to the extent practicable, be invested and reinvested by the Trustee, with the approval of the Agency in Investment Securities, and the moneys so invested shall be available for use when required. The income derived from such investments shall be added to such proceeds and applied in accordance with the provisions of this Section 2.5.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 3.1. Medium of Payment, Denominations, Maturities, Form and Date.

(A) The Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, all Bonds shall be in the denomination, or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity amount, of \$5,000 or any whole dollar amount in excess thereof.

(C) The principal of and interest on each Series of Bonds shall be due and payable on the date or dates set forth in the Supplemental Indenture authorizing same.

(D) Bonds shall be issued solely in fully registered form, without coupons, substantially in the form set forth in the Supplemental Indenture authorizing such Bonds.

(E) Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, all Bonds shall bear interest from the later of (i) the date established with respect to such Bonds in the Supplemental Indenture pursuant to which such Bonds are issued, or (ii) the most recent date to which interest has been paid in full. Bonds shall be dated the date of their authentication and delivery hereunder unless a different date is established in the Supplemental Indenture pursuant to which such Bonds are issued.

(F) Notwithstanding anything to the contrary contained herein, a Series of Bonds may be issued in book-entry form if so provided in the Supplemental Indenture authorizing such Series of Bonds, and the payment of such Series of Bonds shall be made in accordance with the procedures established or referred to in such Supplemental Indenture.

Section 3.2. Legends. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, or otherwise.

Section 3.3. Interchangeability of Bonds. Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or such owner's duly authorized attorney, may at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Trustee may make as provided in Section 3.6, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same tenor, maturity and Series, of any of the authorized denominations.

Section 3.4. Negotiability, Transfer and Registry. All the Bonds issued under this Indenture shall be negotiable subject to the provisions for registration, transfer and exchange contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Agency shall maintain and keep, at the corporate trust office of the Trustee, books for the registration, transfer and exchange of Bonds. Upon presentation thereof for such purpose

at said office, the Agency shall register or cause to be registered in such books, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bonds entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Agency shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

Section 3.5. Transfer of Bonds. (A) Each Bond shall be transferable only upon the books of the Agency, which shall be kept for such purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by such person's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Agency shall issue in the name of the transferee a new fully registered Bond or Bonds of the same aggregate principal amount, tenor, maturity and Series as the surrendered Bond. The Agency may proscribe additional restrictions on the transfer of Bonds of a Series in the applicable Supplemental Indenture.

(B) The Agency and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon such owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Agency nor the Trustee shall be affected by any notice to the contrary.

Section 3.6. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charges required to be paid with respect to such exchange or transfer, and, except (i) with respect to the delivery of definitive Bonds in exchange for temporary Bonds or (ii) as otherwise provided herein, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except as otherwise provided in a Supplemental Indenture with respect to a Series of Bonds authorized thereunder, the Agency shall not be obliged to make any such exchange or transfer of Bonds (i) during the fifteen days preceding an Interest Payment Date on such Bonds, or (ii) with respect to any particular Bond, after such Bond has been called for redemption.

Section 3.7. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Agency shall execute and the Trustee shall authenticate a new Bond of like interest rate, maturity, principal amount, Series and other terms as the Bond so mutilated, destroyed, stolen or lost. In the case of a mutilated Bond, such new Bond shall be delivered only upon surrender and cancellation of such mutilated Bond. In the case of Bonds issued in lieu of and substitution for a Bond destroyed, stolen or lost, such new Bond shall

be delivered only upon filing with the Trustee of evidence satisfactory to the Agency and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof and upon furnishing the Agency and the Trustee with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond pursuant to this Section shall comply with such other reasonable regulations as the Agency and the Trustee may prescribe and pay such expenses as the Agency and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Agency.

Section 3.8. Preparation of Definitive Bonds; Temporary Bonds. (A) Definitive Bonds shall be lithographed, typewritten or printed. Until definitive Bonds are prepared, the Agency may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bonds are issued, in denominations of \$5,000 or any whole dollar amount in excess thereof (except as otherwise provided in the applicable Supplemental Indenture), and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable only upon the presentation of such temporary Bonds for notation thereon of the payment of such interest. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture.

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

Section 3.9. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall (unless otherwise directed in a Certificate of an Authorized Officer in connection with any such purchase by the Trustee) thereupon be promptly cancelled. Bonds so cancelled may, at any time, be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Agency and the other executed Certificate shall be filed with the Trustee.

Section 3.10. Execution and Authentication. (A) After their authorization pursuant to a Supplemental Indenture, Bonds may be executed by or on behalf of the Agency and delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of the Agency by the manual or facsimile signature of an Authorized Officer and the corporate seal of the Agency (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Officer, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bond may be signed and sealed on behalf of the Agency by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the

Agency, although at the date of the Bonds such persons may not have been so authorized or have held such office or employment.

(B) The Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in the applicable Supplemental Indenture, executed manually by the Trustee. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Agency shall be conclusive evidence that the Bond has been so authenticated and delivered under this Indenture and that the owner thereof is entitled to the benefits hereof.

ARTICLE IV

LIMITED OBLIGATIONS AND PERFECTION OF PLEDGE; APPLICATION, CUSTODY AND INVESTMENT OF BOND PROCEEDS AND OTHER AMOUNTS

Section 4.1. Limited Obligations and Perfection of Pledge. (A) The Bonds are limited obligations of the Agency, payable solely from the Trust Estate. Neither the Agency, any of its members, the State, nor any political subdivision thereof (except the Agency, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal or Redemption Price of, premium (if any) or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bonds or any of the Agency's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Agency has no taxing power.

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

Section 4.2. Application of Bond Proceeds. The proceeds of sale of a Series of Bonds and any other moneys provided to the Agency in connection with the issuance of such Bonds shall, as soon as practicable upon the delivery of such Bonds, be deposited and applied as set forth in the applicable Supplemental Indenture.

Section 4.3. Investment of Certain Funds. (A) Monies in any Account that are pledged pursuant to this Indenture shall be continuously invested and reinvested by the Trustee, in the highest yield Investment Securities that may be reasonably known to the Trustee, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Agency shall consult with the Trustee from time to time as to the investment of amounts in the Accounts established or confirmed by this Indenture or any Supplemental Indenture. The Agency may direct the Trustee to, or in the absence of direction, the Trustee shall, invest and reinvest the monies in any Account in Investment Securities so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with (but in no event later than) the times at which monies are needed to be expended; provided, however, that with respect to monies in an Account established by a Supplemental Indenture that are not pledged pursuant to this Indenture, the Agency may, if so provided in such Supplemental Indenture, designate another party as authorized to direct the investment of monies in such Account. The Investment Securities purchased shall be held by the Trustee, or for its account as Trustee and shall be deemed at all times to be part of such Account, and the Trustee shall keep the

Agency advised as to the details of all such investments. Subject to the provisions of Section 11.2, the Trustee shall not be liable or responsible for any loss resulting from such investments.

(B) Investment Securities purchased as an investment of monies in any Account held by the Trustee under the provisions of this Indenture or any Supplemental Indenture shall be deemed at all times to be a part of such Account but the income or interest earned and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the Revenue Account or shall be credited as Revenues to the Revenue Account from time to time and reinvested, except as otherwise provided in Section 5.1(D) hereof or in a Supplemental Indenture with respect to an Account established thereunder and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any Investment Security, which shall be retained in the particular Account for which the Investment Security was purchased.

(C) To the extent permitted by law, the Trustee may commingle any amounts on deposit in the Accounts held under this Indenture for the purpose of purchasing Investment Securities. However, the Trustee shall maintain and keep separate accounts of such Accounts at all times.

(D) The Trustee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Security purchased by it pursuant to this Indenture or any Supplemental Indenture whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Account for which such investment was made. The Trustee shall advise the Agency in writing, on or before the twentieth day of each calendar month, of all investments held for the credit of each Account in its custody under the provisions of this Indenture or any Supplemental Indenture as of the end of the preceding month.

(E) Unless an Event of Default has occurred hereunder, monies held in trust by the Trustee under this Indenture shall be invested by the Trustee, and Investment Securities shall be sold by the Trustee, only upon direction from the Agency, given or confirmed in writing, instructing the Trustee to purchase or sell, as the case may be, specified Investment Securities.

(F) Upon receipt of written instructions from an Authorized Officer of the Agency, the Trustee shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to the Indenture or any Supplemental Indenture for any other coin or currency of the United States of America or Investment Securities of like amount.

(G) Notwithstanding anything to the contrary contained herein, any Investment Securities purchased by the Trustee with funds that are pledged pursuant to this Indenture must, as of the date of such purchase, be rated by at least one nationally recognized rating agency in a category at least equivalent to the rating category of the Rated Bonds (without regard to any Credit Facility securing such Rated Bonds) (or "A-1" or "P-1", as applicable if the Investment Security has a remaining term at the time it is provided not exceeding one year); provided, however, that the Trustee may purchase Investment Securities that are rated lower than that set forth above, so long as the purchase of such Investment Securities does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Rated Bonds by any of the Rating Agencies.

Section 4.4. Valuation and Sale of Investments. (A) In computing the amount in any Account, obligations purchased as an investment of monies therein shall be valued at amortized value (as such term is defined in the Act) or if purchased at par, at par.

(B) Except as otherwise provided herein, the Trustee shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be requested in writing by an Authorized Officer to do so or whenever it shall be necessary in order to provide monies to meet any payment or transfer from any Account held by it. An Investment Security may be credited on a pro-rata basis to more than one Account and need not be sold in order to provide for the transfer of amounts from one Account to another.

ARTICLE V

ACCOUNTS AND FUNDS

Section 5.1. Establishment of Accounts and Funds. (A) The Agency hereby establishes the following special trust accounts and funds:

- (1) Bond Proceeds Account;
- (2) Revenue Account;
- (3) Redemption Account;
- (4) Debt Service Reserve Account: and
- (5) Special Reserve Fund (including the Unrestricted Account therein).

(B) The Agency may establish such other Accounts or sub-accounts within any Account pursuant to a Supplemental Indenture as may reasonably be necessary to accomplish the purposes of this Indenture and such Supplemental Indenture. All such Accounts and sub-accounts shall be held and maintained by the Trustee and shall be identified by the Agency and the Trustee according to the designations herein provided in such manner as to distinguish such Accounts from the accounts established by the Agency for any other of its obligations. All monies or securities held by the Trustee pursuant to this Indenture or a Supplemental Indenture shall be held in trust and applied only in accordance with the provisions of this Indenture, the applicable Supplemental Indenture, the Act and other applicable law.

(C) Except as otherwise provided in a Supplemental Indenture with respect to an Account established thereunder which is not pledged to the payment of the Bonds or to any Credit Facility Provider in connection with a Credit Facility securing one or more Series of Bonds, earnings on all such Accounts required to be deposited into the Rebate Fund shall be deposited, at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, into the Rebate Fund, and earnings on all such Accounts not required to be deposited into the Rebate Fund shall be deposited, as realized, in the Revenue Account.

(D) There is hereby established a special trust account to be held and maintained by the Trustee and entitled the Rebate Fund, which may be further identified as the Agency and the Trustee shall determine so as to distinguish it from the Accounts and such other accounts as the Agency may establish. All monies, including earnings on amounts deposited therein, deposited or to be deposited in the Rebate Fund shall be held in trust and applied only in accordance with the provisions of this Indenture, any applicable Supplemental Indenture, the Act and other applicable law.

Section 5.2. Bond Proceeds Account. (A) There shall be deposited from time to time in the Bond Proceeds Account any proceeds of the sale of Bonds representing principal or premium or other amounts required to be deposited therein pursuant to this Indenture and any Supplemental Indenture and any other amounts determined by the Agency to be deposited therein

from time to time. Upon the issuance, sale and delivery of any Series of Bonds pursuant to this Indenture, the Agency shall establish on the books of the Agency a separate sub-account designated “_____ Series _____ Bond Proceeds Sub-Account” (inserting therein the appropriate series and other necessary designation). Upon payment of any amounts from the Bond Proceeds Account, such payments shall be charged to the appropriate Bond Proceeds Sub-Account on the books of the Agency.

(B) Amounts in the Bond Proceeds Account shall be expended only (i) to finance one or more of the Agency Purposes, including but not limited to, the financing of Borrower Loans, which may include making Borrower Loans, acquiring Borrower Loans or refinancing Borrower Loans; (ii) to pay Costs of Issuance; (iii) to pay principal of and interest on the Bonds when due and Qualified Hedge Payments, if any, when due, in accordance with subsection (D) of this Section, to the extent amounts in the Revenue Account are insufficient for such purpose; (iv) to purchase or redeem Bonds in accordance with subsection (E) of this Section; (v) to pay, purchase or redeem bonds, notes or other obligations of the Agency or any other entity in accordance with subsection (F) of this Section, (vi) if so provided in a Supplemental Indenture, to pay Capitalized Interest on the related Bonds, and (vii) if so provided in a Supplemental Indenture, to reimburse a Credit Facility Provider for amounts obtained under a Credit Facility for the purposes described in clauses (iii), (iv), (v) or (vi) of this subsection (B).

(C) The Trustee shall pay out and permit the withdrawal of amounts on deposit in the Bond Proceeds Account at any time for the purpose of making payments pursuant to clause (i) or (ii) of subsection (B) of this Section, but only upon receipt of:

(1) a written requisition setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose of such withdrawal; and

(2) a Certificate of an Authorized Officer identifying such requisition and stating that (a) the amount to be withdrawn from the Bond Proceeds Account pursuant to such requisition is a proper charge thereon and specifying the Agency Purpose for which payment is to be made, (b) if such requisition is in connection with the financing of a Borrower Loan, including construction advances thereon, such Borrower Loan complies with the provisions of this Indenture and (c) the amount of all payments theretofore or thereupon made by the Agency does not exceed the amount necessary to finance such Agency Purpose.

(D) At least one day prior to each Interest Payment Date the Agency shall deliver to the Trustee a Certificate of an Authorized Officer setting forth the amounts necessary and available to pay the principal of and interest on the Bonds and Qualified Hedge Payments, if any, from the amount on deposit in the Bond Proceeds Account, after giving effect to the actual and expected application of amounts therein to the financing of the Agency Purposes as of the date of such Certificate, the amount on deposit for such use in the Revenue Account, and any other amount available for such use pursuant to a Supplemental Indenture. On each Interest Payment Date the Trustee shall transfer the amounts so stated to the Revenue Account.

(E) At any time the Agency may direct the Trustee in writing to transfer amounts in the Bond Proceeds Account not required for the financing of the Agency Purposes to

the Redemption Account or to apply such amounts directly to the redemption, purchase or retirement of Bonds in accordance with their terms and the provisions of Article VI.

(F) If so provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the Agency may direct the Trustee in writing to transfer amounts in the Bond Proceeds Account to fund the payment, purchase or redemption of bonds, notes or other obligations, which may include interest thereon, theretofore issued by the Agency or any other entity upon receipt by the Trustee of a written requisition setting forth (i) the issue of bonds, notes or other obligations with respect to which the transfer is to be made, and (ii) the amount of the transfer.

Section 5.3. Maintenance of Escrows. All amounts received by the Agency as Escrow Payments shall be deposited as promptly as possible in escrow accounts maintained by the Agency or a servicer deemed responsible for such purpose by the Agency. Amounts in such escrow accounts, or in any sub-account therein, shall be within the control of the Agency and may, but need not, be held by the Trustee. Amounts in such escrow accounts shall not be subject to the lien and pledge of the Indenture, and the Agency may transfer or direct the transfer of any such amounts (or the Agency's right, title and interest thereto and therein) at any time. Such amounts may be set aside and held with any similar funds similarly held and may be applied to any lawful purpose of the Agency subject to the terms of the Borrower Loan with respect to which such amounts were received and of any agreement between the Agency and the Borrower or any other party relating to the Borrower Loan. All Escrow Payments and all Revenues and other payments received and held by a depository with respect to such Borrower Loan shall be separately identified.

Section 5.4. Revenue Account. (A) The Agency shall cause all Pledged Receipts and Recoveries of Principal to be deposited promptly with the Trustee in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to this Indenture and any Supplemental Indenture. All Recoveries of Principal shall be transferred to the Redemption Account and applied to the redemption of Bonds as soon as practically possible; provided, however, that, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, in lieu of such transfer, the Agency may, upon filing a Cash Flow Statement pursuant to Section 7.16, direct the Trustee to transfer all or a portion of any such Recoveries of Principal to the Bond Proceeds Account or retain all or a portion of any such Recoveries of Principal in the Revenue Account.

(B) The Trustee shall pay out of the Revenue Account (i) on or before each Interest Payment Date, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date and Qualified Hedge Payments, if any, due on such date, and (ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by the Trustee to such payments; provided, however, that if, pursuant to a Supplemental Indenture, amounts obtained under a Credit Facility are to be used to make the payments referred to in this subsection (A), then amounts in the Revenue Account which would have otherwise been used to make such payments may be applied to reimburse the

Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Indenture.

(C) Any amount accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment may, and if so directed in writing by the Agency shall, be applied (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price for such Bonds when such Bonds are redeemable by application of said Sinking Fund Payment, plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided, however, that, to the extent permitted by law, the purchase of such Bonds may be at prices exceeding that set forth in clause (i) of this subsection (C) if (x) the difference between purchase price and the Redemption Price is paid from funds of the Agency or (y) the Agency shall have filed with the Trustee a Cash Flow Statement pursuant to Section 7.16, and provided further, however, that if, pursuant to a Supplemental Indenture, amounts obtained under a Credit Facility are to be used to make the purchases referred to in this subsection (C), then amounts in the Revenue Account which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Indenture.

(D) Except as otherwise provided in an applicable Supplemental Indenture, upon the purchase or redemption of any Bond pursuant to subsection (C) of this Section, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption. Any such instructions shall be given in such manner as, in the best judgment of the Agency, shall provide for the payment of the Sinking Fund Payments thereafter to become due from the remaining Revenues to be derived in connection with the Borrower Loans and any other Revenues expected to be available for such payments after considering the amounts payable pursuant to the Borrower Loans at such time. The portion of any Sinking Fund Payment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in subsection (B) of Section 5.5 (or the original amount of any such Sinking Fund Payment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Payment for the purpose of calculating Sinking Fund Payments due on a future date.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed to call for redemption pursuant to Section 6.3, on such due date, Bonds of the maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has monies in the Revenue Account sufficient to pay

the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption; provided, however, that if, pursuant to a Supplemental Indenture, amounts obtained under a Credit Facility are to be used to make the payments referred to in this subsection (E), then amounts in the Revenue Account which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Indenture.

(F) On each Interest Payment Date, the Trustee shall make available to the Agency a statement (and, upon request by the Agency, shall deliver a Certificate) which sets forth, as of such date, the amount remaining in the Revenue Account as of such date after deducting all payments required to have been made pursuant to subsection (B) of this Section and the amount, if any, required to be transferred to the Debt Service Reserve Account, the Bond Proceeds Account, the Agency, the entities providing Investment Securities with respect to the Accounts or any arrangements or agreements with respect thereto, and the entities to whom Subordinate Obligations are due, in order to satisfy the requirement of this Section. Concurrently with the delivery of such Certificate the Trustee shall transfer from the Revenue Account (i) first, to the Debt Service Reserve Account, an amount equal to the amount necessary to be transferred to such Account in order that the amount on deposit therein be equal to the Debt Service Reserve Account Requirement (or such lesser amount as may be available), (ii) second, to the Bond Proceeds Account, such amount as the Agency determines is required to finance Agency Purposes, as evidenced by a Certificate of an Authorized Officer, (iii) third, if so directed by the Agency, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses, (iv) fourth, if so directed by the Agency, to any Credit Facility Providers, an amount equal to any fees due and owing to such Credit Facility Providers, [(v) fifth, to the Agency, an amount equal to the Administrative Fee to the extent unpaid,] (vi) sixth, to the entities providing Investment Securities with respect to the Accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a Certificate of an Authorized Officer, and (vii) seventh, to the entities to whom Subordinate Obligations are due, such Subordinate Obligations then due. At any time after the delivery of such Certificate by the Trustee and after the transfers described in [(i), (ii), (iii), (iv), (v), (vi) and (vii)] above have been made, except as otherwise provided in a Supplemental Indenture, the Agency may, upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate pursuant to Section 7.16, withdraw free and clear of the lien of this Indenture any amount remaining in the Revenue Account.

(G) Notwithstanding any other provision of this Section, the Trustee may at any time make transfers from the Revenue Account, upon the written direction of an Authorized Officer, to the Redemption Account for the purposes of such Account. No such transfer shall be made, however, unless there is delivered to the Trustee a Cash Flow Statement or Cash Flow Certificate reflecting such transfer or there is on deposit in the Revenue Account after such transfer an amount equal to the sum of (a) the interest accrued on all Outstanding Bonds as of the date of such transfer, (b) with respect to each Qualified Hedge, the portion of the Qualified Hedge Payment thereunder next due that is accrued as of the date of such transfer, and (c) the product of (i) the aggregate principal amount of Outstanding Bonds and Sinking Fund Payments due on the next succeeding date on which any Outstanding Bond or Sinking Fund Payment is due, and (ii) a

fraction, the numerator of which is the number of days from the immediately preceding date on which any Outstanding Bond or Sinking Fund Payment became due to the date of such transfer and the denominator of which is the number of days from such immediately preceding date to such next succeeding date.

(H) Notwithstanding any other provision of this Section, the Agency in lieu of depositing all or any portion of a Termination Receipt in the Revenue Account may apply such moneys to, and the Trustee upon the written direction of an Authorized Officer may at any time apply moneys in the Revenue Account representing all or a portion of a Termination Receipt to, the payment of the purchase price of a Qualified Hedge.

(I) Notwithstanding any other provision of this Section, no payments shall be required to be made into the Revenue Account so long as the amount on deposit therein shall be sufficient to pay all Outstanding Bonds (including the Sinking Fund Payments for the retirement thereof) and all Qualified Hedge Payments in accordance with their terms, and any Revenues thereafter received by the Agency may be applied to any corporate purpose of the Agency free and clear of the pledge and lien of this Indenture.

(J) Notwithstanding any other provision of this Section, the Agency may direct Recoveries of Principal of the type described in clause (i) of the definition thereof to be transferred to a custodian or trustee selected by the Agency, in lieu of application to redeem a like portion of the Bonds, so long as the Agency simultaneously causes other funds to be applied to redeem such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code. In connection therewith, if so directed in a written direction of the Agency provided to the Trustee, the Trustee is hereby authorized and directed to receive any such Recoveries of Principal and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Agency, or to such custodian, fiscal agent or trustee designed by the Agency and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

Section 5.5. Redemption Account. (A) There shall be deposited in the Redemption Account all amounts which are required to be deposited therein pursuant to this Indenture and any Supplemental Indenture and any other amounts available therefor and determined by the Agency to be deposited therein. Subject to the provisions of this Indenture or of any Supplemental Indenture authorizing the issuance of a Series of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in this Section and Article VI.

(B) At any time before the forty-fifth day prior to the day upon which Bonds are to be paid or redeemed from such amounts, the Trustee shall, if so directed in writing by the Agency, apply amounts in the Redemption Account to the purchase of any of the Bonds which may be paid or redeemed by application of amounts on deposit therein. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Agency shall from

time to time direct. The foregoing notwithstanding, unless specifically directed otherwise by written instructions of an Authorized Officer and accompanied by a Cash Flow Statement pursuant to Section 7.16, any monies in the Redemption Account resulting from Recoveries of Principal shall be applied to the purchase or redemption of Bonds of the Series issued to finance the Borrower Loans which gave rise to the Recoveries of Principal, such Bonds to be purchased or redeemed on a reasonably proportionate basis among all maturities of such Series based upon the principal amount of such Bonds then Outstanding, and in the event that Sinking Fund Payments have been established for any Bond so purchased or redeemed, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward such Sinking Fund Payments on a reasonably proportionate basis among such Sinking Fund Payments based upon the principal amount of such Sinking Fund Payments. In the event that Sinking Fund Payments have been established for any Bond purchased or redeemed from amounts in the Redemption Account not resulting from Recoveries of Principal, such Sinking Fund Payments shall be credited in the manner provided in Section 5.4(D). The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the Redemption Price on such Bonds, if then subject to redemption, or if not subject to redemption, the Redemption Price payable on any such date upon which such Bond is next subject to redemption other than from Sinking Fund Payments; provided, however, that, to the extent permitted by law, the purchase of such Bonds may be at prices exceeding that set forth above in this subsection (B) if (x) the difference between purchase price and the Redemption Price is paid from funds of the Agency or (y) the Agency shall have filed with the Trustee a Cash Flow Statement pursuant to Section 7.16. In the event the Trustee is able to purchase Bonds at a price less than the Redemption Price at which such Bonds were to be redeemed, then, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the difference between the amount of such purchase price and the amount of such Redemption Price to, and deposit the same in, the Revenue Account.

(C) Except as otherwise specifically provided herein, the Trustee shall have no obligation to purchase or attempt to purchase Bonds at a price below the Redemption Price or at any other price and any arms length purchase by the Trustee shall conclusively be deemed fair and reasonable.

(D) Notwithstanding anything to the contrary contained in this Section, if, pursuant to a Supplemental Indenture, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Indenture.

Section 5.6. Debt Service Reserve Account. (A) There shall be deposited in the Debt Service Reserve Account all amounts required to be deposited therein pursuant to this Indenture and any Supplemental Indenture and any other amounts received and determined to be deposited therein by the Agency.

(B) Amounts on deposit in the Debt Service Reserve Account shall be applied, to the extent other funds are not available therefor pursuant to this Indenture and the applicable Supplemental Indenture, to pay the Principal Installments of and interest on the Outstanding Bonds when due, whether by call for redemption or otherwise, and Qualified Hedge Payments, if any,

when due. Whenever the amount in the Debt Service Reserve Account exceeds the Debt Service Reserve Account Requirement, the Trustee shall, if so directed by the Agency, withdraw from the Debt Service Reserve Account the amount of any excess therein over the Debt Service Reserve Account Requirement as of the date of such withdrawal and deposit the monies so withdrawn into the Revenue Account.

(C) Moneys in the Debt Service Reserve Account may, and at the direction of the Agency shall, be withdrawn from the Debt Service Reserve Account by the Trustee and deposited in the Redemption Account for the purchase or redemption of Bonds at any time, provided that subsequent to such purchase or redemption the amount in the Debt Service Reserve Account will not be less than the Debt Service Reserve Account Requirement.

(D) If on any Interest Payment Date or Redemption Date for the Bonds the amount in the Revenue Account and the Redemption Account, as applicable, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date and Qualified Hedge Payments, if any, due on such date, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency.

(E) Notwithstanding anything to the contrary contained in this Section, if, pursuant to a Supplemental Indenture, amounts obtained under a Credit Facility are to be used to pay the Principal Installments of and interest on Bonds, then amounts in the Debt Service Reserve Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Indenture.

Section 5.7. Special Reserve Fund. (A) If so directed in the applicable Supplemental Indenture upon the issuance, sale and delivery of a Series of Bonds, the Agency shall establish on the books of the Agency a separate sub-account in the Special Reserve Fund designated “_____ Series _____ Restricted Sub-Account” (inserting therein the appropriate series and other necessary designation). There shall be deposited in the Special Reserve Fund and the accounts and sub-accounts therein all amounts, securities, Borrower Loans and other property determined to be deposited therein by the Agency from time to time.

(B) Amounts on deposit in the sub-accounts of the Special Reserve Fund shall be applied as set forth in the Supplemental Indenture pursuant to which such sub-accounts were established.

(C) Except as otherwise provided in a Supplemental Indenture with respect to any sub-account of the Special Reserve Fund established pursuant to such Supplemental Indenture, the Trustee shall withdraw from the Special Reserve Fund and pay to the Agency, free and clear of the lien of this Indenture, any amounts, securities, Borrower Loans or other property, including any interest or income earned thereon, but only upon receipt of (i) with respect to any Restricted Sub-Account of the Special Reserve Fund, (x) a Certificate of an Authorized Officer setting forth such amounts, securities, Borrower Loans or other property and (y) a [Cash Flow Statement pursuant to Section 7.16][Rating Confirmation], and (ii) with respect to the Unrestricted Account

of the Special Reserve Fund, a Certificate of an Authorized Officer setting forth such amounts, securities, Borrower Loans or other property.

(D) The Agency may create a lien on all or any part of the moneys, investments or assets held in the Special Reserve Fund, and not otherwise restricted by a previous Agency direction, to secure any obligation of the Agency, and, if so specified in such Agency direction, such lien shall be prior to the lien on the otherwise unrestricted moneys, investments or assets in the Special Reserve Fund.

Section 5.8. Rebate Fund. (A) The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Bondholder or any other person other than as set forth herein.

(B) The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts.

(C) Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer to the extent necessary to comply with the covenant set forth in Section 7.8 hereof, and except that the income or interest earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

(D) In the event that, on any date of calculation of the Rebate Amount, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Officer, shall withdraw such excess amount and deposit it in the Revenue Account.

(E) The Trustee, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of each Series for which a Rebate Amount is required, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to each Series for which a Rebate Amount is required as of the date of such payment, and (ii) notwithstanding the provisions of Section 12.1(D) hereof, not later than sixty (60) days after the date on which all Bonds of a Series for which a Rebate Amount is required have been paid in full, 100% of the Rebate Amount as of the date of payment.

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity shall be redeemable, upon notice as provided in this Article, at such times, at such Redemption Prices and upon such other terms as may be specified in this Indenture and in the particular Bonds.

Section 6.2. Redemption at the Election or Direction of the Agency. In the case of any redemption of Bonds otherwise than as provided in Section 6.3, the Agency shall give written notice to the Trustee of its election or direction so to redeem, of the Redemption Date, of the Series and the principal amounts of the Bonds and maturities to be redeemed (which Series, Redemption Date, maturities and principal amounts thereof to be redeemed shall be determined by the Agency in its sole discretion, subject to any limitations with respect thereto contained in or permitted by this Indenture or the applicable Supplemental Indenture) and of any monies to be applied to the payment of the Redemption Price. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, such notice shall be given at least thirty-five (35) days prior to the Redemption Date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 6.5, the Trustee, if it holds the monies to be applied to the payment of the Redemption Price, shall pay, or otherwise the Agency shall, prior to the Redemption Date, pay to the Trustee, in cash, an amount which, in addition to other monies, if any, available therefor held by such Trustee, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof, all the Bonds to be redeemed. Any redemption elected under this Section shall be effected as quickly as practicably possible consistent with the notice provisions of Section 6.5.

Section 6.3. Redemption Otherwise Than at Agency's Election or Direction. Whenever by the terms of this Indenture or a Supplemental Indenture, the Trustee is required to redeem Bonds otherwise than at the election or direction of the Agency, and subject to and in accordance with the terms of this Article and, to the extent applicable, Article V, the Trustee shall select the Redemption Date of the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price to the Bondholders. In the event of a partial redemption of Bonds from Recoveries of Principal, the Agency shall direct the Series and maturity or maturities of such Bonds to be so redeemed in accordance with the provisions of Section 5.5. Any redemption elected under this Section shall be effected as quickly as practicably possible consistent with the notice provisions of Section 6.5.

Section 6.4. Selection of Bonds to be Redeemed. Except as otherwise provided in a Supplemental Indenture, in the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Trustee shall select Bonds by lot, using such method of selection as it shall deem proper in its sole discretion. For the purposes of this Section, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Section 6.5. Notice of Redemption. When the Trustee shall receive notice from the Agency of its election or direction to redeem Bonds pursuant to Section 6.2 and when redemption of Bonds is required by this Indenture pursuant to Section 6.3, the Trustee shall give

notice, in the name of the Agency, of the redemption of such Bonds. Such notice shall specify the Series and maturities of the Bonds to be redeemed, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable and, if less than all the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that, assuming the satisfaction of all conditions precedent, if any, to such redemption, on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon shall cease to accrue and be payable in accordance with Section 6.6 hereof. Except as otherwise provided in a Supplemental Indenture, the Trustee shall mail a copy of such notice, postage prepaid, not less than twenty (20) days before the Redemption Date to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books.

Section 6.6. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 6.5 and all conditions precedent, if any, specified in such notice having been satisfied, the Bonds or portions thereof so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date, and, except as otherwise provided in a Supplemental Indenture, upon presentation and surrender thereof at the office specified in such notice, together with, in the case of portions of Bonds, a written instrument of exchange duly executed by the registered owner or his duly authorized attorney. Such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than the entire principal amount of a Bond, the Agency shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered registered Bonds of like Series and maturity in any of the authorized denominations. If, on the Redemption Date, monies for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid and all conditions precedent to such redemption shall have been satisfied, then, from and after the Redemption Date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and be payable, and the Accreted Amount of any Capital Appreciation Bonds and Convertible Capital Appreciation Bonds shall cease to accrete. If said monies shall not be so available on the Redemption Date or if any conditions precedent to such redemption shall not have been satisfied, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE VII

PARTICULAR COVENANTS

The Agency covenants and agrees with the Trustee and the owners of the Bonds as follows:

Section 7.1. Performance. The Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Agency under the provisions of the Act, any other applicable law and this Indenture in accordance with the terms of such provisions.

Section 7.2. Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of the Agency, shall be within every debt and other limit prescribed by law.

Section 7.3. Power to Issue Bonds and Pledge Revenues, Funds and Other Property. The Agency is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Indenture and to pledge and grant a security interest in the Revenues, the proceeds of the Bonds, the Borrower Loans and the Accounts purported to be pledged hereby in the manner and to the extent provided herein. The Revenues, the proceeds of the sale of the Bonds, the Borrower Loans and the Accounts so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and grant created hereby, and all corporate action on the part of the Agency to that end has been duly and validly taken. The Bonds and the provisions hereof are and will be the valid and binding general obligations of the Agency in accordance with their terms and the terms hereof. The Agency shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues, the proceeds of the sale of the Bonds, the Borrower Loans and the Accounts so pledged hereunder and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof other than the Agency, or a pledge of the faith and credit or the taxing power of the State or of any political subdivision thereof, other than the Agency.

Section 7.4. Payment of Bonds. The Agency shall duly and punctually pay or cause to be paid, as herein provided, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Section 7.5. Offices for Servicing Bonds. The Agency shall at all times maintain an office or agency where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon the Agency in respect of the Bonds or of this Indenture may be served. The Agency hereby appoints the Trustee as its agent to maintain such

office or agency for the registration, transfer or exchange of Bonds, and for the service of such notices, presentations and demands upon the Agency.

Section 7.6. Further Assurance. At any and all times the Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and assets hereby pledged or assigned, or intended so to be, or which the Agency may become bound to pledge or assign.

Section 7.7. Waiver of Laws. The Agency shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension now or at any time hereafter in force which may affect the covenants and agreements contained in this Indenture or in the Bonds and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency.

Section 7.8. Tax Covenants. The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, any Bonds as designated in a Supplemental Indenture to which the Agency intends that the provisions of this Section 7.8 shall apply.

(A) The Agency shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes, except in the event that the owner of any such Bond is a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of the Code.

(B) The Agency shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Agency to be used directly or indirectly to acquire any securities or obligations or other investment property, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148(a) of the Code.

(C) Except as otherwise permitted in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the Agency shall not permit any person or “related person” (as defined in the Code) to purchase Bonds pursuant to an arrangement, formal or informal, in an amount related to the Borrower Loan to be acquired by the Agency from such person or “related person”.

Section 7.9. Covenants with Respect to Borrower Loans. (A) To secure the payment of the principal or Redemption Price of and interest on the Bonds and Qualified Hedge Payments, if any, the Agency does hereby pledge for the benefit of the Bondholders and the entities to whom Qualified Hedge Payments are due all of its right, title and interest in and to the Borrower Loans, which pledge shall be valid and binding from and after the date of this Indenture. Such Borrower Loans shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, irrespective of whether such parties have notice thereof. Notwithstanding anything to the contrary contained

herein, the Agency may, pursuant to a Supplemental Indenture authorizing a Series of Bonds, (i) also pledge one or more Borrower Loans for the benefit of one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds, and such further pledge may be either on a parity with or subordinate to the pledge set forth in this subsection (A) to secure the payment of the Bonds and Qualified Hedge Payments, all as set forth in such Supplemental Indenture, or (ii) provide that any or all of the Borrower Loans financed by the Series of Bonds authorized pursuant to such Supplemental Indenture be excluded from the pledge set forth in this subsection (A) to secure the payment of the Bonds and Qualified Hedge Payments or otherwise limit such pledge with respect to such Borrower Loans. Upon the happening of an event of default specified in Section 10.1 and the written request of the Trustee or the owners of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds (other than Subordinate Bonds), the Agency shall effectuate the assignment and deliver the Borrower Loans to or at the direction of the Trustee. If, however, the Trustee and the Bondholders are restored to their positions in accordance with Section 10.4, the Trustee shall assign such Borrower Loans with respect thereto back to the Agency.

(B) In order to pay the Principal Installments of and interest on the Bonds when due, the Agency shall, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, any other applicable law, the provisions of this Indenture and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted hereby, to finance the Agency Purposes pursuant to the Act, any other applicable law and this Indenture and any applicable Supplemental Indenture, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including diligent enforcement of the prompt collection of all arrears on Borrower Loans), (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency to protect its rights with respect to or to maintain any insurance on Borrower Loans or any subsidy payments in connection with the Projects securing the Borrower Loans or the occupancy thereof and to enforce all terms, covenants and conditions of the Borrower Loans, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made, and (iv) take all steps, actions and proceedings necessary, in the judgment of the Agency, to protect its rights with respect to the Deeds of Trust securing the Borrower Loans.

Section 7.10. Personnel and Servicing of Borrower Loans. (A) The Agency shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its purposes and powers under the Act and other applicable law and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Agency shall be qualified for their respective positions.

(B) The Agency may pay to any agency, municipality, political subdivision or governmental instrumentality of the State such amounts as are necessary to reimburse such agency, municipality, political subdivision or governmental instrumentality of the State for the reasonable costs of any services performed for the Agency.

(C) The Agency shall duly and properly service all Borrower Loans and enforce the payment and collection of all payments of principal and interest and all Escrow Payments or shall cause such servicing to be done by a servicer evidencing, in the judgment of the Agency, the capability and experience necessary to adequately service the Borrower Loans. Except as otherwise provided in a Supplemental Indenture, each such servicer shall enter into a servicing agreement providing that:

(1) all amounts received by such servicer, except as compensation for its services, shall be deposited promptly with a depository (which may be such servicer) in a fully FDIC insured account subject to and in accordance with the provisions of this Indenture and any applicable Supplemental Indenture and shall be remitted to the Trustee within three Business Days of receipt or, in the case of amounts in excess of \$250,000 or prepayments, immediately;

(2) such servicer shall at all times remain qualified to act as such pursuant to such standards as the Agency shall prescribe from time to time and shall determine to be reasonable to maintain the security for the Bonds; and

(3) such servicer shall agree to maintain servicing facilities that are staffed with trained personnel to adequately service Borrower Loans in accordance with standards normally employed by private institutional Deed of Trust investors, as determined in the Agency's sole discretion, and shall maintain individual files for each Borrower Loan serviced pursuant to the servicing agreement and provide regular reports to the Agency as to collections and delinquencies with respect to all Borrower Loans serviced by such servicer.

Section 7.11. Additional Provisions Regarding Enforcement and Foreclosure of Deeds of Trust; Alternatives. With respect to any Borrower Loan, except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the following additional provisions shall apply:

(1) Whenever, in the Agency's judgment, it shall be necessary in order to protect and enforce the rights of the Agency under a Deed of Trust securing a Borrower Loan and to protect and enforce the rights and interests of Bondholders, the Agency may, in its discretion, commence foreclosure proceedings against the Borrower in default under the provisions of such Deed of Trust and/or, in protection and enforcement of its rights under such Deed of Trust, the Agency may, in its discretion, acquire and take possession of the Project covered by such Deed of Trust by bidding for and purchasing such Project at the foreclosure sale thereof, by deed in lieu of foreclosure or otherwise.

(2) Upon acquisition by the Agency of a Project securing a Borrower Loan by foreclosure, deed in lieu of foreclosure or otherwise, and so long as the Agency shall have title thereto or be in possession thereof, the Agency shall, as the case may be, construct, operate and administer such Project in the place and stead of the Borrower in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, may complete the construction and development thereof if not already completed, if the Agency determines in its reasonable judgment that completion of such construction is in the best interests of the Bondholders. From money received by the Agency from the ownership and operation of the Project, to the extent such money

is sufficient for the following purposes, the Agency shall first pay or make provisions for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Project, and after providing currently for these expenses shall pay the cost and expenses of operating the Project, including the repayments which the Borrower was obligated to pay, which repayments shall be paid to the Trustee for deposit in the Revenue Account.

(3) Notwithstanding the provisions of paragraph (2) of this Section 7.11, upon acquisition by the Agency of a Project securing a Borrower Loan, whether by foreclosure, deed in lieu of foreclosure or otherwise:

(a) The Agency may at any time thereafter sell such Project to another qualified entity and make a Borrower Loan with respect thereto as if such entity were the original Borrower, provided that (i) the Deed of Trust securing such Borrower Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Deed of Trust of such Project which had previously secured the related Borrower Loan, (ii) said new Borrower Loan shall automatically become subject to the lien of the Indenture and (iii) the Agency shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Borrower Loan and specifying which Borrower Loan has been so replaced; or

(b) The Agency may at any time thereafter sell such Project provided that the proceeds of such sale shall be treated as a Recovery of Principal.

(4) In addition, and as an alternative to the rights of the Agency described above in this Section 7.11, following a default under a Borrower Loan, the Agency may, in its discretion, cause or consent to the sale of a Project securing such Borrower Loan to another qualified entity and, in connection with any such sale (a) allow the purchaser to assume the related Deed of Trust, or (b) make a Borrower Loan with respect thereto as if such entity were the original Borrower, if such sale shall occur after the original Deed of Trust shall have been discharged, provided, however, that (i) the Deed of Trust securing such Borrower Loan shall contain the terms, conditions, provisions and limitations substantially similar to the Deed of Trust of such Project which had previously secured the related Borrower Loan, (ii) said new Borrower Loan shall automatically become subject to the lien of the Indenture and (iii) the Agency shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Borrower Loan and specifying which Borrower Loan has been so replaced.

(5) In addition, and as a further alternative to the rights of the Agency described above in this Section 7.11, following a default under a Borrower Loan, the Agency may, in its discretion, obtain amounts under any letter of credit or other credit enhancement securing such Borrower Loan or under any agreement entered into by the Agency and the provider of such letter of credit or other credit enhancement in connection with the providing of such letter of credit or credit enhancement, in accordance with the terms thereof; provided that if the Agency obtains funds in an amount equal to the outstanding principal balance of such Borrower Loan, plus the lesser of (i) accrued interest thereon or (ii) the maximum amount available with respect to accrued interest thereon, pursuant to any such letter of credit, credit enhancement or other agreement, the Agency shall immediately assign such Borrower Loan to or upon the order of the provider thereof free and clear of the lien of the Indenture.

(6) In addition, and as an alternative to the rights of the Agency described above in this Section 7.11, following a default under a Borrower Loan, the Agency may, in its discretion, release such defaulted Borrower Loan from the lien of this Indenture and in substitution therefore pledge a new Borrower Loan, provided, however, that (i) the new Borrower Loan shall automatically become subject to the lien of the Indenture, (ii) the Agency shall file with the Trustee a Certificate of an Authorized Officer describing said replacement Borrower Loan and specifying which Borrower Loan has been so replaced and (iii) the Trustee shall have received a Bond Counsel's Opinion to the effect that the substitution of a new Borrower Loan for the defaulted Borrower Loan will not, in and of itself, adversely affect any exclusion of interest on such Bonds from gross income for purposes of federal income taxation.

Section 7.12. Issuance of Additional Obligations. (A) The Agency shall not hereafter create or permit the creation of or issue any obligations or create any indebtedness which will be secured by a superior charge and lien on the Revenues and assets pledged under or pursuant to this Indenture for the payment of Bonds (other than Subordinate Bonds). In addition, the Agency shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness, other than Bonds and except as expressly permitted by this Indenture with respect to pledges made for the benefit of Credit Facility Providers, which will be secured by an equal charge and lien on the Revenues and assets pledged under or pursuant to this Indenture. The Agency expressly reserves the right (i) to issue one or more Series of Subordinate Bonds pursuant to Supplemental Indentures and (ii) to issue one or more series of bonds, notes or other obligations pursuant to other indentures which will be secured by a subordinate charge and lien on the Revenues and assets pledged hereunder.

(B) The Agency hereby expressly reserves the right to execute and deliver one or more additional indentures for its purposes, and reserves the right to issue other obligations for such purposes.

Section 7.13. Records. The Agency shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Borrower Loans and all Accounts established by this Indenture and any Supplemental Indenture which shall at all reasonable times be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing. The Agency may authorize or permit the Trustee to keep such books on behalf of the Agency.

Section 7.14. State Pledge. In accordance with the Act, the following pledge is included herein: The State pledges with the Holders of any Bonds issued under the Indenture that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Section 7.15. Sale of Borrower Loans. The Agency is authorized to sell, assign or otherwise dispose of a Borrower Loan, in addition to a sale, assignment or disposition required pursuant to Section 7.9 hereof or any applicable Supplemental Indenture, provided the proceeds

of such sale, assignment or disposition shall be treated as Recoveries of Principal for purposes of this Indenture.

Section 7.16. Cash Flow Statements and Cash Flow Certificates. (A) The Agency shall file with the Trustee a current Cash Flow Statement (i) whenever any Series of Bonds is issued, or any change referred to in Section 9.2 in a term of an Outstanding Bond is made pursuant to Section 9.2; (ii) upon purchase or redemption of Bonds of a Series from Recoveries of Principal, or the crediting of Sinking Fund Payments established for any Bond to be so purchased or redeemed, in a manner other than (x) as contemplated in the last Cash Flow Statement filed by the Agency with the Trustee or (y) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series and each Sinking Fund Payment established for any Bond to be so purchased or redeemed is credited in the proportion that the amount of such Sinking Fund Payment bears to the total amount of all Sinking Fund Payments established for such Bond; (iii) prior to withdrawing moneys for payment to the Agency pursuant to Section 5.4(F) free and clear of the pledge and lien of this Indenture, in an amount in excess of the amounts determined to be available for such purpose in the last Cash Flow Statement filed with the Trustee; (iv) prior to the application of Recoveries of Principal to any use other than the purchase or redemption of Bonds; (v) if required pursuant to subsection (C) of Section 5.4 or subsection (B) of Section 5.5 hereof prior to the purchase of Bonds at prices in excess of those specified in said subsections; (vi) if required pursuant to subsection (C) of Section 5.7 prior to a withdrawal from the Special Reserve Fund; (vii) prior to the application of monies in the Redemption Account resulting from Recoveries of Principal to the purchase or redemption of Bonds of a Series other than the Series issued to finance the Borrower Loans which gave rise to the Recoveries of Principal; (viii) prior to entering into or amending a Qualified Hedge; and (ix) as otherwise required in a Supplemental Indenture.

(B) A Cash Flow Statement shall consist of a statement of an Authorized Officer giving effect to the action proposed to be taken and demonstrating in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding that amounts then expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by this Indenture to be on deposit in the Accounts for the payment of the principal and Redemption Price of and interest on the Bonds and Qualified Hedge Payments, if any, and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, except that, to the extent specified in a Supplemental Indenture, an Account established in said Supplemental Indenture shall not be taken into account when preparing such Cash Flow Statement. The Cash Flow Statement shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations and which assumptions shall be based upon those assumptions set forth in the latest Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agency's ratings on the Rated Bonds. In calculating the amount of interest due on Bonds in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate as defined in a Supplemental Indenture, the interest rate used shall be assumed to be the fixed rate, which in the judgment of the remarketing agent for such Bonds, or such other financial consultant selected by the Agency and experienced in the sale of municipal securities (having due regard to the prevailing market conditions), would be necessary to enable such Bonds to be sold at par in the secondary market on the date of such calculation or such higher or lower

rate which does not adversely affect any of the Rating Agency's ratings on the Rated Bonds. Upon filing a Cash Flow Statement with the Trustee, the Agency shall thereafter perform its obligations hereunder in accordance, in all material respects, with the assumptions set forth in such Cash Flow Statement. Except with respect to 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 a date not more than 180 days prior to the date of delivery of such statement.

In lieu of filing a Cash Flow Statement, a Cash Flow Certificate may be filed in order to take the actions described in clause (iii) of subsection (A) of this Section 7.16, but only if, in the judgment of the Agency, such amendments do not materially adversely affect the cash flow projections contained in the last Cash Flow Statement. A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Agency to the effect of one of the following:

(1) The proposed action is consistent with the assumptions set forth in the latest Cash Flow Statement; or

(2) After giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, amounts expected to be on deposit in the Accounts in each such Bond Year will be at least equal to all amounts required by this Indenture to be on deposit in such Accounts for the payment of the principal and Redemption Price of and interest on the Bonds and Qualified Hedge Payments, if any, and for the funding of the Debt Service Reserve Account to the Debt Service Reserve Account Requirement, except that to the extent specified in a Supplemental Indenture an Account established in said Supplemental Indenture shall not be taken into account in connection with such Cash Flow Certificate; or

(3) The proposed action will not in and of itself adversely affect the amounts expected to be on deposit in the Accounts in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, except with respect to such Accounts which may be specified in such Supplemental Indenture to not be taken into account in connection with such Cash Flow Certificate.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1. Supplemental Indentures Effective Upon Execution. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be entered into by the Agency and the Trustee, which Supplemental Indenture, upon the execution and delivery thereof by an Authorized Officer of the Agency and the Trustee, without the consent of any Bondholders, shall be fully effective in accordance with its terms:

(1) to close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) to add to the covenants and agreements of the Agency in this Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(3) to add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with this Indenture as then in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon the Agency by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Agency contained in this Indenture;

(5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Revenues or of any other revenues or assets;

(6) to modify any of the provisions of this Indenture in any respect whatever, but only if (A) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of such Supplemental Indenture shall cease to be Outstanding, and (B) such Supplemental Indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(7) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer;

(8) to authorize the issuance of a Series of Bonds in accordance with Sections 2.4 and 2.5 and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued;

(9) to comply with regulations or rulings issued with respect to the Code to the extent determined as necessary or desirable in Bond Counsel's opinion;

(10) to pledge under this Indenture any additional collateral as further security for the Bonds or specific Series of Bonds, including, but not limited to, additional Borrower Loans or other assets or revenues;

(11) to appoint a trustee (other than the Trustee) with respect to any Subordinate Bonds;

(12) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture;

(13) to insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect;

(14) to provide for additional duties of the Trustee in connection with the Borrower Loans;

(15) to make any other change in this Indenture or, in the case of a Series of Bonds, in the related Supplemental Indenture, including any change otherwise requiring the consent of Bondholders as provided in Section 8.2, if such change affects only Bonds which are subject to mandatory or optional tender for purchase and if (i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and (ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least thirty (30) days before the effective date thereof; or

(16) to make any additions, deletions or modifications to the Indenture which, in the opinion of the Trustee, are not materially adverse to the interests of the Bondholders.

Section 8.2. Supplemental Indentures Effective Upon Consent of Bondholders. Except as set forth in Section 8.1, at any time or from time to time, a Supplemental Indenture amending or supplementing the Indenture may be entered into by the Agency and the Trustee subject to consent by Bondholders in accordance with and subject to the provisions of Article IX. Any such Supplemental Indenture shall become fully effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer and upon compliance with the provisions of Article IX.

Section 8.3. General Provisions. (A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article IX. Nothing in this Article or Article IX contained shall affect or limit the right or obligation of the Agency to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 7.6 or the right or obligation of the Agency to execute and deliver to the Trustee any instrument which is to be delivered to the Trustee pursuant to this Indenture.

(B) The copy of every Supplemental Indenture shall be filed with the Trustee and shall be accompanied by a Bond Counsel's Opinion stating that such Supplemental Indenture is authorized or permitted by this Indenture and has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Agency.

(C) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Section 8.1 or 8.2 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(D) No Supplemental Indenture shall change any of the procedures for or the time periods for provision of notice relating to the tender of Bonds or the determination of the interest rate thereon, without the written consent of the Credit Facility Provider, if any, with respect such Bond.

(E) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without the Trustee's written assent thereto.

ARTICLE IX

AMENDMENTS

Section 9.1. Mailing and Publication of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid (i) to each registered owner of Bonds affected then Outstanding at such owner's address, if any, appearing upon the registry books of the Agency, and (ii) to the Trustee.

Section 9.2. Powers of Amendment. Any modification of or amendment to this Indenture and of the rights and obligations of the Agency and of the owners of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture, but only, in the event such Supplemental Indenture shall be entered into pursuant to Section 8.2, with the written consent given as provided in Section 9.3, (i) of the owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least a majority in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that in addition to the foregoing and notwithstanding anything to the contrary contained herein, any modification of or amendment to a Supplemental Indenture authorizing the issuance of a Series of Bonds and of the rights and obligations of the Agency and of the owners of the Bonds of such Series thereunder, in any particular, may, if no Bonds other than the Bonds of such Series are affected by the modification or amendment, be made by a Supplemental Indenture, but only, in the event such Supplemental Indenture shall be entered into pursuant to Section 8.3, with the written consent given as provided in Section 9.3, (i) of the owners of at least a majority in principal amount of the Bonds of such Series Outstanding at the time such consent is given, and (ii) in case less than all of the Bonds of such Series then Outstanding are affected by the modification or amendment, of the owners of at least a majority in principal amount of the Bonds of such Series so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond, or of any right or obligation to tender such Bond for purchase, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this Section, a Bond shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the owner of such Bond. The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment any Bonds would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Agency and all owners of Bonds.

Section 9.3. Consent of Bondholders. (A) A copy of any Supplemental Indenture making a modification or amendment which is not permitted by the provisions of Section 8.1 or 8.2 (or a brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Agency to the owners of any registered Bond or to any Bondholder who shall within the past two years have filed such owner's name and address with the Trustee for such purpose. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of owners of the percentages of Outstanding Bonds specified in Section 9.2 and (b) a Bond Counsel's Opinion stating that such Supplemental Indenture is authorized or permitted by this Indenture and has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Agency, and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.12. A Certificate by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with such Section 11.12 shall be conclusive that the consents have been given by the owners of the Bonds described in such Certificate of the Trustee. Any such consent shall be binding upon the owner of the Bonds giving such consent and upon any subsequent owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent owner thereof has notice thereof) unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a Certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Agency and the Trustee a written statement that the owners of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Agency and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the owners of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Agency by mailing such notice to the Bondholders not more than ninety days after the owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Agency shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Agency, the Trustee and the owners of all Bonds at the expiration of forty days after the filing with the Trustee of the proof of the mailing of the notice of such consent, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such forty day period, except that the Trustee and the Agency during

such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 9.4. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the Agency and of the owners of the Bonds hereunder may be modified or amended in any respect upon the execution and deliver by the Agency and the Trustee of a Supplemental Indenture and the consent of the owners of all the Bonds then Outstanding, such consent to be given as provided in Section 9.3, but no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of the written assent thereto of the Trustee in addition to the consent of the Bondholders. No notice of any such modification or amendment either by mailing or publication shall be required to be given to Bondholders

Section 9.5. Exclusion of Bonds. Bonds owned or held by or for the account of the Agency shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Agency shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Agency shall furnish the Trustee a Certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 9.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as provided in Article VIII or this Article may and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to such action. In that case, upon demand of the owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Agency or the Trustee shall so determine, new Bonds modified to conform (in the opinion of the Trustee and the Agency) to such action shall be prepared, executed, authenticated and delivered, and upon demand of the owner of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity, then Outstanding, upon surrender of such Bonds.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default. Each of the following events is hereby declared an “Event of Default” with respect to the Bonds:

(1) except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, payment of the principal or Redemption Price, if any, of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; or

(2) the Agency shall fail or refuse to comply with the provisions of this Indenture or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any applicable Supplemental Indenture or the Bonds, and such failure, refusal or default shall continue for a period of ninety (90) days after written notice thereof by the Trustee or the owners of not less than 5% in principal amount of the Outstanding Bonds (other than Subordinate Bonds).

Section 10.2. Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraph (1) of Section 10.1, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (2) of Section 10.1, the Trustee may proceed and, upon the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), shall proceed, in its own name, subject to the provisions of Section 11.3, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Agency to receive and collect Revenues adequate to carry out the covenants and agreements as to the Borrower Loans and to require the Agency to carry out any other covenants or agreements with such Bondholders, including the assignment of the Borrower Loans, and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

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

(4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds;

(5) by declaring all Outstanding Bonds due and payable (provided that with respect to an Event of Default specified in clause (2) of Section 10.1, no such declaration shall be made without the consent of the owners of 100% in principal amount of the Outstanding Bonds (other than Subordinate Bonds)), and if all defaults shall be cured, then, with the written consent of the owners of not less than 25% in principal amount of the Outstanding Bonds (other than Subordinate Bonds), by annulling such declaration and its consequences; or

(6) in the event that all Outstanding Bonds are declared due and payable, by selling Borrower Loans and any Investment Securities securing such Bonds.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Agency for principal, Redemption Price, interest or otherwise, under any provisions of this Indenture or a Supplemental Indenture or of the Bonds with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Agency for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorneys' fees), and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

(C) Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and of the assets of the Agency relating to the Bonds pending such proceedings, with such powers as the court making such appointment shall confer.

(D) Except upon the occurrence and during the continuance of an Event of Default hereunder, the Agency hereby expressly reserves and retains the privilege to receive and, subject to the terms and provisions of this Indenture, to keep or dispose of, claim, bring suit upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Borrower Loans to which the Event of Default pertains and the proceeds and collections therefrom, and neither the Trustee nor any Bondholder shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claim or suit.

Section 10.3. Priority of Payments After Default. (A) In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of and interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the owners of such Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under this Indenture, shall be applied as follows:

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due with respect to such Bonds (other than Subordinate Bonds) and of Qualified Hedge Payments in the order of the maturity of such installments, and, if

the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference,

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

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

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

FIFTH: To the payment of any Subordinate Obligations then due, and, if the amounts available shall not be sufficient to pay in full all such Subordinate Obligations, then to the payment thereof ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first to the payment of the principal and interest then due and unpaid upon such Bonds (other than Subordinate Bonds) and Qualified Hedge Payments without preference or priority among principal, interest and Qualified Hedge Payments, and without preference or priority of any installment of interest or Qualified Hedge Payments over any other installment of interest or Qualified Hedge Payments, or of any such Bond (other than Subordinate Bonds) over any other such Bond (other than Subordinate Bonds), ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds (other than Subordinate Bonds) or in the Qualified Hedges, and second, to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Subordinate Bond over any other such Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the persons

entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Subordinate Bonds, and third, to the payment of any Subordinate Obligations when due, ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or preference.

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

Section 10.4. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default has been discontinued or abandoned for any reason, then in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 10.5. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of the majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 10.6. Limitation on Rights of Bondholders. (A) No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture unless such owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) 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 occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action,

suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses (including legal fees and expenses) and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy provided hereunder or by law. It is understood and intended that no one or more owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds or this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of the Outstanding Bonds. Nothing contained in this Article shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on such owner's Bonds, or the obligation of the Agency to pay the principal of and interest on each Bond issued hereunder to the owner thereof at the time and place in said Bond expressed.

(B) Anything to the contrary notwithstanding contained in this Section, or any other provision of this Indenture, each owner of any Bond by such owner's acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding (other than Subordinate Bonds), or to any suit instituted by any Bondholder for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

Section 10.7. Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the owners of such Bonds, subject to the provisions of this Indenture.

Section 10.8. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the owners of the Bonds is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.9. No Waiver of Default. No delay or omission of the Trustee or of any owner of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every power and remedy given by this Indenture to the Trustee and the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety days after actual knowledge by the Trustee of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all registered owners of Bonds, as the names and addresses of such owners appear upon the books for registration and transfer of Bonds as kept by the Trustee, and (ii) to such other persons as may be required by law.

ARTICLE XI

CONCERNING THE TRUSTEE

Section 11.1. Appointment and Acceptance of Duties of Trustee. (A) U.S. Bank Trust Company, National Association is appointed as Trustee. The Trustee hereby signifies its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering this Indenture; and by executing and delivering this Indenture, the Trustee is deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Indenture.

(B) The Trustee is hereby vested with all the rights, powers and duties of a Trustee permitted to be appointed by Bondholders pursuant to the Act and the right of Bondholders to appoint a trustee pursuant to the Act is hereby abrogated as permitted by the Act.

Section 11.2. Responsibility of Trustee. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Agency and the Trustee does not assume any responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture, and the Trustee shall not incur any responsibility in respect thereof. The Trustee shall be responsible for the performance only of such duties as are specifically set forth herein, and no duty shall be implied from any provision hereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any monies paid to the Agency. The Trustee shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified to its satisfaction. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful default.

Section 11.3. Evidence on Which the Trustee May Act. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be of counsel to and/or an employee of the Agency, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including payment of monies out of any Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Neither the Trustee nor any successor Trustee shall be liable to the Agency, the owners of any of the Bonds or any other person for any act or omission done or omitted to be done by such Trustee in reliance

upon any instruction, direction or certification received by the Trustee pursuant to this Indenture or for any act or omission done or omitted in good faith and without willful or reckless misconduct. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Agency to the Trustee shall be sufficiently executed if executed in the name of the Agency by an Authorized Officer.

Section 11.4. Compensation. The Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture and the Trustee shall have a lien therefor on any and all funds (except for funds on deposit in or required to be deposited in the Rebate Fund and except as otherwise provided in a Supplemental Indenture with respect to funds held in an Account established under such Supplemental Indenture) at any time held by it under this Indenture. The Agency further agrees to indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful default.

Section 11.5. Permitted Acts and Functions. The Trustee may become the owner of any Bonds, with the same rights it would have if it were not the Trustee. The Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the owners of a majority in principal amount of the Bonds then Outstanding. The Trustee may be an underwriter in connection with the sale of the Bonds or of any other securities offered or issued by the Agency or any political subdivision thereof.

Section 11.6. Resignation of Trustee. A Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than sixty days' written notice to the Agency and mailing notice thereof specifying the date when such resignation shall take effect, to each of the registered owners, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 11.8, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, no such resignation shall take effect until a successor Trustee has been appointed.

Section 11.7. Removal of Trustee. A Trustee shall be removed by the Agency if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Agency and signed by the owners of a majority in principal amount of the Bonds then Outstanding (other than Subordinate Bonds) or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Agency. The Agency may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Agency by filing with the Trustee an instrument signed by an Authorized Officer.

Section 11.8. Appointment of Successor Trustee. (A) In case at any time a Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of a Trustee, or of its property or affairs, the Agency covenants and agrees that it will thereupon appoint a successor Trustee. The Agency shall, in whichever manner it deems most economical, mail notice of any such appointment made by it to the registered owners of the Bonds, at their last addresses, if any, appearing upon the registry books.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Agency written notice, as provided in Section 11.6, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company within or outside the State, having capital surplus and undivided profits aggregating at least \$100,000,000 if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 11.9. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Agency, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee, but the Trustee ceasing to act shall nevertheless, on the request of the Agency, or of its successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Agency be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Agency. Upon the effectiveness of the resignation or removal of the Trustee, such Trustee's authority to act pursuant to this Indenture shall terminate and such Trustee shall have no further responsibility or liability whatsoever for performance of this Indenture as Trustee.

Section 11.10. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all its corporate trust business, provided such

company shall be a trust company or bank which is qualified to be a successor to the Trustee under Section 11.8 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 11.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Indenture provided that the certificate of authentication of the Trustee shall have.

Section 11.12. Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its sole discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Bondholder or such owner's attorney of such instrument may be proved by the Certificate, which need not be acknowledged or verified, of an officer of a bank or trust company, financial institution or other member of the Financial Industry Regulatory Authority, Inc. satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(B) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(C) Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Agency or any fiduciary in accordance therewith.

Section 11.13. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture or any Supplemental Indenture (or microfilm, microcard or similar photographic reproduction thereof) shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Agency and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

ARTICLE XII

DEFEASANCE MISCELLANEOUS PROVISIONS

Section 12.1. Defeasance. (A) If the Agency shall pay or cause to be paid to the owners of all Bonds then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Revenues and other monies, securities, funds and property hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Agency, execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Agency all monies or securities held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) Bonds or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the Trustee (through deposit by the Agency of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, all Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if: (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to give as provided in Article VI notice of redemption on said date of such Bonds, (ii) there shall have been set aside and shall be held in trust by the Trustee (through deposit by the Agency of funds for such payment or redemption or otherwise) either (a) monies in an amount which shall be sufficient, or (b) Government Obligations or (c) obligations (1) validly issued by or on behalf of a state or political subdivision thereof, and (2) fully secured by a first lien on Government Obligations, the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to give by mail, as soon as practicable, notice to the owners of such Bonds that the deposit required by this subsection has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or Redemption Date upon which monies are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. To the extent required for the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds, neither monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations or obligations described in clause (c) above and deposited with the Trustee pursuant to this Section,

if not then needed for such purpose, shall, to the extent practicable, be reinvested in obligations described in clauses (b) or (c) above maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and, if not required for the payment of such Bonds, any monies deposited with the Trustee pursuant to this Section and principal and interest payments on the obligations described in clauses (b) or (c) above shall be paid over to the Agency, as received by the Trustee, free and clear of any trust, lien or pledge. The Trustee may sell, transfer or otherwise dispose of the obligations described in clauses (b) and (c) above deposited with the Trustee pursuant to this Section; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other obligations described in clauses (b) and (c) above, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, in accordance with this Section.

(C) If, through the deposit of monies by the Agency or otherwise, the Trustee shall hold, pursuant to this Indenture, monies sufficient to pay the principal and interest to maturity on all Bonds, or in the case of Bonds in respect of which the Agency shall have taken all action necessary to redeem prior to maturity, sufficient to pay the Redemption Price and interest to such Redemption Date, then at the request of the Agency, all monies shall be held by the Trustee for the payment or the redemption of Bonds.

(D) Amounts held by the Trustee for the payment of principal or Redemption Price of, or interest on, Bonds held by particular Bondholders with respect to which no claim for payment has been made shall be disposed of as provided by applicable law, or if there shall be no such applicable law, shall be returned to the Agency three years after the date on which payment of such amounts would have been due.

Section 12.2. No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer or employee of the Agency in such person's individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any past, present or future supervisor, officer, official, director, employee or agent of the Agency, or of any successor thereto, as such, either directly or through the Agency or any successor to the Agency, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such supervisors, officers, officials, directors, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Bonds.

Section 12.3. Consent of Credit Facility Provider Where Bondholder Consent Required. If so provided in a Supplemental Indenture authorizing a Series of Bonds, so long as the Credit Facility Provider with respect to a Credit Facility is not in default of any of its obligations under such Credit Facility, such Credit Facility Provider (i) may be deemed to be the owner of the Bonds of any Series which receives the benefits of such Credit Facility at all times for the purpose

of the execution and delivery of a Supplemental Indenture or any amendment, change or modification to this Indenture and (ii) may initiate any action which may be initiated by Bondholders under this Indenture to be undertaken by the Trustee at the Bondholder's request which under this Indenture requires the written approval or consent of or can be initiated by the owners of Bonds of the applicable Series at the time Outstanding; provided, however, that no such amendment, change, modification or action shall permit a change in the terms of redemption or maturity of principal or of any installment of interest thereon, or a change in the terms of any right or obligation to tender such Bond for purchase, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, without the consent of the actual owner of such Bond, or shall reduce the percentages of Bonds, the consent of the owner of which is required to effect such amendment, change or modification or initiate such action, without the consent of the actual owner of such Bonds.

Section 12.4. Execution in Counterparts; Electronic Signatures. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

IN WITNESS WHEREOF, the Agency has caused this Indenture to be executed in its name and on its behalf by an Authorized Official and the Trustee has caused this Indenture to be executed, in its name by its duly authorized representative, all as of the day and year first above written.

CALIFORNIA HOUSING FINANCE AGENCY

By: _____
Authorized Signatory

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as trustee**

By: _____
Name: Andrew Fung
Title: Vice President