

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the Offered Bonds is taxable as ordinary income for federal income tax purposes. Bond Counsel is also of the opinion that under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Offered Bonds is excludable from net income of the owners thereof for State income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds. See “LEGALITY AND TAX STATUS” herein.



NEW MEXICO MORTGAGE FINANCE AUTHORITY

\$24,595,000

Single Family Mortgage Program Class I Bonds 2016 Series B Bonds (Federally Taxable)

Dated: Date of Delivery

Due: As shown on inside cover

The New Mexico Mortgage Finance Authority (the “Authority”) is issuing the above-caption bonds (the “Offered Bonds”) pursuant to a General Indenture of Trust dated as of December 1, 2009, as heretofore amended and supplemented (the “General Indenture”), and a 2016 Series B Indenture dated as of August 1, 2016 (the “2016 Series B Indenture”), each between the Authority and Zions Bank, a division of ZB, National Association (formerly known as Zions First National Bank), as trustee (the “Trustee”), for the purpose of refunding certain outstanding bonds of the Authority.

The Offered Bonds are issuable only as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Offered Bonds are registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. The Trustee shall pay interest on the Offered Bonds to the registered owners thereof on the first day of each month (whether or not a business day), commencing October 1, 2016, at the respective rates set forth on the inside front cover. Principal on the Offered Bonds is payable at maturity or earlier redemption upon surrender thereof at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Offered Bonds, disbursement of payments of principal, interest and redemption price to DTC is the responsibility of the Trustee, disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined herein) is the responsibility of DTC Participants. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM” herein.

The Authority may issue additional series of bonds (“Additional Bonds”) upon satisfaction of the conditions set forth in the General Indenture. The General Indenture provides that all bonds issued thereunder be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other bonds of the same Class. The Offered Bonds are issued as Class I Bonds under the General Indenture. All bonds issued under the General Indenture to date have been issued as Class I Bonds (collectively, the “Outstanding Bonds”), and the Outstanding Bonds, the Offered Bonds and any Additional Bonds are referred to herein collectively as the “Bonds.” The General Indenture, the 2016 Series B Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of Bonds, are referred to herein collectively as the “Indenture”. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE AND FORM OF GSE APPENDIX” attached hereto.

The Authority expects to apply the proceeds of the Offered Bonds to refund certain prior bonds of the Authority. Upon such refunding, portions of certain mortgage loan pass-through certificates purchased with proceeds of the prior bonds and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”) or the Federal National Mortgage Association (“Fannie Mae”) will be allocated to the Offered Bonds. See “FINANCING PLAN” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Offered Bonds are subject to redemption prior to maturity, including special redemption at par under certain circumstances, as more fully described herein. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions” herein.

The Offered Bonds are special obligations of the Authority, payable solely from and secured by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Existing Mortgage Certificates (as described herein) and the money and securities held in the Funds and Accounts created by the Indenture (other than the Rebate Account and the Rebate Requirement required to be deposited in the Rebate Account). In no event shall the Offered Bonds constitute an obligation or liability (either general or special) of the State of New Mexico (the “State”) or any political subdivision thereof or constitute or give rise to a pecuniary liability of the State or any political subdivision thereof. The Authority has no taxing power and has no power to pledge the general credit or taxing power of the State or any political subdivision thereof. The Offered Bonds and all other outstanding Bonds and any Additional Bonds issued from time to time, and all interest thereon, are secured on a parity basis. The Authority may issue Additional Bonds on a parity or a subordinate basis to the Offered Bonds.

The Offered Bonds are not a debt of the United States of America, GNMA, or any other agency of the United States of America, or of Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America, or of GNMA or Fannie Mae. The obligations of Fannie Mae are not backed by the full faith and credit of the United States of America.

The Offered Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Omaha, Nebraska, and for the Authority by Sheehan & Sheehan, P.A., Albuquerque, New Mexico. It is expected that the Offered Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about August 31, 2016.

J.P. Morgan

RBC Capital Markets

Dated: August 3, 2016

MATURITY SCHEDULE

\$24,595,000

**Single Family Mortgage Program Class I Bonds
2016 Series B Bonds (Federally Taxable)**

\$24,595,000 2.60% Term Bonds Due September 1, 2040 (Price: 100%) CUSIP 647200 4S0¹

¹ CUSIP data herein is provided by the CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a part of S&P Global Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included for the convenience of the holders of the Offered Bonds. The Authority is not responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Offered Bonds or as indicated above.

The information set forth or included in this Official Statement has been provided by the Authority and from other sources believed by the Authority to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Authority described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement contains statements relating to the Authority's acquisition of mortgage certificates and receipt of future revenues that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "plan," "budget," "expect" and similar expressions are intended to identify forward-looking statements. Such statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Authority does not expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Offered Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the merits of the Offered Bonds or the accuracy or adequacy of the Official Statement. Any representation to the contrary may be a criminal offense.

The prices at which the Offered Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices or yields appearing on the inside front cover hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Offered Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

of

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Relating to its

\$24,595,000

Single Family Mortgage Program Class I Bonds
2016 Series B Bonds

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale by the New Mexico Mortgage Finance Authority (the “**Authority**”) of \$24,595,000 in principal amount of its Single Family Mortgage Program Class I Bonds, 2016 Series B (the “**2016 Series B Bonds**” and sometimes referred to herein as the “**Offered Bonds**”). The Offered Bonds are being issued as Class I Bonds pursuant to the Mortgage Finance Authority Act, consisting of Sections 58-18-1 through 58-18-27, inclusive, and Section 2-12-5, New Mexico Statutes Annotated 1978, as amended (collectively, the “**Act**”), a General Indenture of Trust dated as of December 1, 2009, as heretofore amended and supplemented (the “**General Indenture**”), between the Authority and Zions Bank, a division of ZB, National Association (formerly known as Zions First National Bank) as Trustee (the “**Trustee**”) and a 2016 Series B Indenture dated as of August 1, 2016 between the Trustee and the Authority (the “**2016 Series B Indenture**”). The Authority is issuing the Offered Bonds to refund certain bonds originally issued under the General Indenture in connection with the New Issue Bond Program of the U.S. Department of the Treasury (the “**NIBP**”), which bonds financed the purchase of housing by low and moderate income persons within the State of New Mexico (the “**State**”).

The General Indenture provides that bonds issued thereunder shall be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds of each Class are equally and ratably secured by the pledges and covenants contained therein with other bonds of the same Class. The Offered Bonds are Class I Bonds under the General Indenture. All bonds issued under the General Indenture to date have been issued as Class I Bonds (collectively, the “**Outstanding Bonds**”). Under the General Indenture, the Authority may issue additional Series of Bonds (“**Additional Bonds**”) upon satisfaction of the conditions set forth in the General Indenture. The Outstanding Bonds, the Offered Bonds and any Additional Bonds, are referred to herein as the “**Bonds**”. The General Indenture, the 2016 Series B Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of Bonds, are referred to herein collectively as the “**Indenture**”. All capitalized terms used in this Official Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE AND FORM OF GSE APPENDIX – Definitions” attached hereto.

The Offered Bonds are being issued to refund certain outstanding bonds of the Authority previously issued pursuant to the General Indenture (collectively, and as more fully described herein, the “**Refunded GSE Program Bonds**”), which, together with the hereinafter described “**Related Market Bonds**”, were issued to finance, certain qualifying mortgage loans (such loans referred to collectively herein as the “**Existing Loans**”) secured by mortgages (the “**Existing Mortgages**”) made to qualified

individuals for single family residences located within the State through the purchase by the Trustee on behalf of the Authority of: (i) mortgage loan pass-through certificates (the “**GNMA Certificates**”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“**GNMA**”) or (ii) mortgage loan pass-through certificates (the “**Fannie Mae Certificates**”) issued and guaranteed as to timely payment of principal and interest by Fannie Mae, all in accordance with the Authority’s single family mortgage program in effect at the time the Existing Loans were made (the “**Prior Single Family Program**”). The GNMA Certificates and the Fannie Mae Certificates backed by the Existing Loans are referred to herein collectively as the “**Existing Mortgage Certificates**”. See “APPENDIX C - THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM and” “APPENDIX D - THE FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” for additional information concerning GNMA and Fannie Mae, respectively. For information concerning the Authority’s existing single family mortgage program, see “FIRST HOME PROGRAM” herein. No new loans will be made with proceeds of the Offered Bonds.

Following the refunding of the Refunded GSE Program Bonds, a portion of the Revenues related to Existing Mortgage Certificates is expected to be used to pay the principal and redemption price of, and interest on, the Offered Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “FINANCING PLAN” herein and APPENDIX H hereto. A certain portion of the repayments and prepayments of the portions of Existing Loans backing the Existing Mortgage Certificates will be applied to the mandatory special redemption of the Offered Bonds as described under “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions: Special Redemption” herein. Revenues related to the Existing Mortgage Certificates not used to pay the principal and redemption price of, and interest on, the Offered Bonds are expected to be used to pay the principal and redemption price of, and interest on, the Related Market Bonds. See “FINANCING PLAN” herein. Certain information with respect to the Existing Mortgage Certificates is set forth in “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” and in APPENDIX H hereto. Certain information with respect to the Related Market Bonds is set forth in “FINANCING PLAN” and APPENDIX I hereto.

Under the Prior Single Family Program, the Existing Mortgage Loans were originated by mortgage lenders (the “**Mortgage Lenders**”), and such loans are serviced pursuant to the Master Mortgage Pooling and Servicing Agreement, dated as of May 20, 2010, as amended (the “**Master Servicing Agreement**” or the “**Servicing Agreement**”) entered into between the Authority and U.S. Bank National Association (“**The Servicer**”). See “THE SERVICER” herein.

The Offered Bonds are special obligations of the Authority, payable solely from and secured by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of all Bonds issued pursuant to the General Indenture, including the Existing Mortgage Certificates and the money and securities held in the funds and accounts created by the Indenture, other than the Rebate Account and the Rebate Requirement required to be deposited in the Rebate Account. In no event shall the Offered Bonds constitute an obligation or liability (either general or special) of the State or any political subdivision thereof or constitute or give rise to a pecuniary liability of the State or any political subdivision thereof. The Authority has no taxing power and has no power to pledge the general credit or taxing power of the State or any political subdivision thereof. The Offered Bonds are not a debt of the United States of America, GNMA, or any other agency of the United States of America, or of Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America, or of GNMA or Fannie Mae. The obligations of Fannie Mae are not backed by the full faith and credit of the United States of America.

The Offered Bonds are subject to optional redemption and special redemption as described herein. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions” herein.

The references to and summaries and descriptions of the Act, the Indenture, the Offered Bonds, the Refunded GSE Program Bonds, the Related Market Bonds, the Prior Single Family Program, the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such references, summaries and descriptions are qualified in their entireties by references to the appropriate statute, policy, instrument or document.

In addition to the Prior Single Family Program and the Authority's current First Home Program (collectively, the "**Single Family Mortgage Program**"), the Authority is authorized under the Act to engage in certain other activities. The proceeds of the Offered Bonds may not be used to finance any activities of the Authority other than the Single Family Mortgage Program.

For a description of certain investment considerations, including certain actions that may be taken pursuant to the General Indenture, see SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "INVESTMENT CONSIDERATIONS AND RISKS" herein.

THE AUTHORITY

The Authority was created by the Act, which was passed by the Legislature of the State (the "**Legislature**") in 1975. In the Act, the Legislature found that a serious shortage of decent, safe and sanitary residential housing available to purchase and rent within the financial means of persons and families of low and moderate income existed in both urban and rural areas of the State and that private enterprise had not been able to produce the needed construction or rehabilitation of such housing. The Authority was created in an effort to remedy this situation.

The Authority is empowered to undertake various programs to assist in the financing of housing for persons of low and moderate income in the State. The Act provides that the Authority is a public body politic and corporate separate and apart from the State constituting a governmental instrumentality. The Act requires the Authority to adopt rules and regulations governing each of the programs set forth in the Act. The rules and regulations of the Authority are not effective until they have been approved by a legislative oversight committee, composed of members of the State House of Representatives and the State Senate. The legislative oversight committee has approved rules and regulations of the Authority for the Single Family Mortgage Program and related activities. In addition, the Low Income Housing Tax Credit program and the HOME program, previously administered by the State, were transferred to the Authority for the purpose of consolidating in one entity the administration of housing-related programs.

The Act prohibits the State or any municipality located in the State from contributing money to the Authority. Pursuant to the Act, the State and all State agencies are prohibited from purchasing any bonds or notes of the Authority.

The Act provides that the Authority shall have seven members including the Lieutenant Governor of the State, the Treasurer of the State and the Attorney General of the State, each of whom shall be an ex-officio member of the Authority with voting privileges, and four other members to be appointed by the Governor with the advice and consent of the State Senate. The Act further provides that the Authority shall elect or appoint, and prescribe the duties of, an Executive Director who shall administer, manage and direct the affairs and business of the Authority subject to the direction of the board members of the Authority.

Members of the Authority are eligible for reappointment under the Act and, pursuant to the State Constitution and court decisions, continue to serve until their successors are appointed. The present members and officers of the Authority are as follows:

Dennis R. Burt, Chair	Term expires December 31, 2014+
Angel Reyes, Vice Chair	Term expires January 1, 2018
John A. Sanchez	Lieutenant Governor of the State
Hector Balderas	Attorney General of the State
Tim Eichenberg	Treasurer of the State
Steven J. Smith	Term expires January 1, 2016 +
Randy McMillan	Term expires February 18, 2016+

+Members continue to serve until their successors are appointed.

The staff of the Authority consists of approximately seventy full-time employees with the following key officers:

Jay Czar	Executive Director and Secretary
Gina Hickman, CPA	Deputy Director of Finance and Administration
Isidoro Hernandez	Deputy Director of Programs

The Authority’s counsel relating to the Offered Bonds is Sheehan & Sheehan, P.A., Albuquerque, New Mexico. The Authority’s most recent financial statements (as of September 30, 2015) were audited by Moss Adams LLP, independent certified public accountants, Albuquerque, New Mexico, (“**Moss Adams**”) working in a joint venture with the Office of the State Auditor. The Authority has not requested that Moss Adams provide consent for inclusion of its report on the audited financial statements in this Official Statement and, Moss Adams has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. Moss Adams also has not performed any procedures relating to the preparation or review of this Official Statement. Such financial statements are available at the Authority’s website at <http://www.housingnm.org/resources/bond-investor-resources>.

The Authority’s office is located at 344 Fourth Street, S.W., Albuquerque, New Mexico 87102, and its telephone number is (505) 843-6880.

FINANCING PLAN

General

The Offered Bonds are being issued to refund the Refunded GSE Program Bonds, which consist of the Authority’s outstanding 2009 GSE Series A Program Bonds. The 2009 GSE Series A Program Bonds were issued simultaneously with the Authority’s Single Family Mortgage Program Class I Bonds, 2010 Series A. The 2010 Series A Market Bonds, as more fully described below, are referred to herein as the “**Related Market Bonds**”.

The Authority expects to redeem the Refunded GSE Program Bonds on the date of issuance of the Offered Bonds. An Authority contribution will be used to pay costs of issuance of the Offered Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

No new mortgage loans will be made in connection with the issuance and sale of the Offered Bonds; however, the principal and redemption price of, and interest on, the Offered Bonds are payable from Revenues, including revenues derived from Existing Loans, which would have been used to pay the principal and redemption price of, and interest on, the Refunded GSE Program Bonds. To achieve this result, the Authority has executed and delivered to the Trustee an Authority Request for the Refunded

GSE Program Bonds (collectively, the “**Authority Request**”) directing the Trustee to allocate and apply Revenues made available because of the redemption and cancellation of the Refunded GSE Program Bonds to the payment of principal and redemption price of, and interest on, the Offered Bonds.

GSE Program Bonds and Market Bonds Issued Under the General Indenture

Pursuant to the General Indenture, the Authority previously issued its Single Family Mortgage Program Class I Bonds, 2009 Series Bonds (GSE Escrow Bond Purchase Program), dated December 23, 2009, in the original aggregate principal amount of \$155,000,000 (the “**2009 Series Short Term Bonds**”). The Authority previously released portions of the 2009 Series Short Term Bonds from escrow and redesignated such bonds as the GSE Program Bonds and simultaneously issued a corresponding series of bonds (referred to hereinafter as the “**Market Bonds**”), all as follows:

GSE Program Bonds¹	Market Bonds
\$42,000,000 Single Family Mortgage Program Class I Bonds, 2009 GSE Series A Bonds (the “ 2009 GSE Series A Bonds ”)	\$28,000,000 Single Family Mortgage Program Class I Bonds, 2010 Series A Bonds (the “ 2010 Series A Market Bonds ”)
\$38,500,000 Single Family Mortgage Program Class I Bonds, 2009 GSE Series B Bonds ² (the “ 2009 GSE Series B Bonds ”)	\$31,500,000 Single Family Mortgage Program Class I Bonds, 2011 Series A Bonds (the “ 2011 Series A Market Bonds ”)
\$24,000,000 Single Family Mortgage Program Class I Bonds, 2009 GSE Series C Bonds (the “ 2009 GSE Series C Bonds ”)	\$16,000,000 Single Family Mortgage Program Class I Bonds, 2011 Series B Bonds (the “ 2011 Series B Market Bonds ”)
\$27,200,000 Single Family Mortgage Program Class I Bonds, 2009 GSE Series D Bonds (the “ 2009 GSE Series D Bonds ”)	\$18,200,000 Single Family Mortgage Program Class I Bonds, 2011 Series C Bonds (the “ 2011 Series C Market Bonds ”)

The released and redesignated 2009 Series Short Term Bonds listed above are collectively referred to herein as the “**GSE Program Bonds**”. The 2010 Series A Market Bonds, the 2011 Series A Market Bonds, the 2011 Series B Market Bonds and the 2011 Series C Market Bonds are collectively referred to herein as the “**Market Bonds**”. See also, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Certain Information Regarding the General Indenture” herein.

Authority Request

The General Indenture allows the Authority to direct the Trustee as to the allocations of Revenues and the Existing Mortgage Certificates held under the Indenture by an Authority Request. The Authority Request, a form of which is available from the Authority and the Trustee, contains various provisions some of which are summarized herein.

¹ The Authority redeemed the unreleased 2009 Series Short Term Bonds in the principal amount of \$23,300,000 from the proceeds thereof.

² The Authority redeemed the outstanding 2009 GSE Series B Bonds on or about February 26, 2015, from the proceeds of its Single Family Mortgage Program Class I Bonds, 2015 Series C.

Allocation of Investments and Existing Mortgage Loans. An interest in the Existing Mortgage Certificates allocated to the 2009 GSE Series A Program Bonds and the 2010 Series A Market Bonds (hereinafter the “**2009 GSE Series A/2010 Series A Mortgage Certificates**”) shall be allocated on a continuing basis to the 2016 Series B subaccount of the Acquisition Account in a proportional amount equal to the Aggregate Principal Amount of 2016 Series B Bonds Outstanding to the sum of the Aggregate Principal Amount of 2010 Series A Bonds Outstanding and the Aggregate Principal Amount of 2016 Series B Bonds Outstanding. Notwithstanding the foregoing allocation, all Revenues from the 2009 GSE Series A/2010 Series A Mortgage Certificates shall be deposited into the 2009/2010 Series A subaccount of the Revenue Account established under the series indenture relating to the Authority’s 2010 Series A Market Bonds and the 2009 GSE Series A Bonds (the “**2010 Series A Indenture**”) until withdrawn or transferred pursuant to the General Indenture and the Authority Request.

DESCRIPTION OF THE OFFERED BONDS

General Terms

The Offered Bonds will be dated the dates of delivery, will bear interest at the rates and will mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. The Offered Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Offered Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“**DTC**”), which shall act as securities depository for such Offered Bonds. So long as DTC or Cede & Co. is the registered owner of the Offered Bonds, payments of principal, redemption price, purchase price and interest with respect to the Offered Bonds are to be made directly to DTC by the Trustee, or its successors, as Trustee. Disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants as more fully described herein. See “APPENDIX F—BOOK-ENTRY ONLY SYSTEM” herein.

Interest

The Trustee shall pay interest on the first day of each month (whether or not a Business Day), commencing October 1, 2016 (each an “**Interest Payment Date**”), until maturity or earlier redemption. Interest on the Offered Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the regularly scheduled Interest Payment Date, whether or not a Business Day (the “**Record Date**”). If a payment of interest, principal or redemption price of the Offered Bonds is to be made on a day that is not a Business Day, it will be made on the next succeeding Business Day with the same force and effect as if made on the date of payment, and no interest shall accrue thereon for the period after such date.

Allocation of Revenues

The 2016 Series B Bonds and 2010 Series A Market Bonds shall be treated as the same Series, provided that on the dates on which deposits are made to the Funds and Accounts pursuant to the General Indenture, the moneys to be applied to the 2016 Series B Bonds shall be allocated to, and deposited in, the 2016 Series B subaccounts of the Funds and Accounts and in the priority set forth in the General Indenture.

Redemption Provisions

Optional Redemption. The Offered Bonds are subject to redemption at the option of the Authority on September 1, 2025 or any date thereafter, in whole or in part, at a Redemption Price equal to 100% of their principal amount so redeemed plus accrued interest to the date of redemption. If the Authority optionally redeems a portion of any Offered Bonds, the Authority shall direct the maturity or maturities, and the amounts thereof, to be redeemed. The Authority may sell the related Existing Mortgage Certificates in connection with the optional redemption of all of the Offered Bonds and the Related Market Bonds.

Special Redemption. The 2016 Series B Bonds are subject to redemption prior to maturity, in whole or in part, on each Interest Payment Date, commencing October 1, 2016, from scheduled principal repayments and prepayments of the 2009 GSE Series A/2010 Series A Mortgage Certificates in an amount equal to the 2016 Series B Principal Portion at a redemption price equal to 100% of the principal amount to be redeemed, without premium. The “**2016 Series B Principal Portion**” means as of any date of calculation, so long as the 2010 Series A Market Bonds are outstanding, an amount equal to 60% of the difference between (i) 100% of all scheduled principal repayments and prepayments of the 2009 GSE Series A/2010 Series A Mortgage Certificates received by or on behalf of the Authority during the calendar month in which such calculation is performed, and (ii) one-sixth ($1/6^{\text{th}}$) of the amounts required to pay the next scheduled principal payments and sinking fund payments for the 2010 Series A Market Bonds. If no 2010 Series A Market Bonds remain outstanding, the 2016 Series B Principal Portion shall equal 100% of all scheduled principal repayments and prepayments of the 2009 GSE Series A/2010 Series A Mortgage Certificates received by or on behalf of the Authority during the calendar month in which such calculation is performed. The remaining scheduled principal payments and sinking fund payments for the Outstanding 2010 Series A Market Bonds are set forth in Appendix I attached hereto.

As so directed in the Authority Request, the Trustee shall make the calculations relating to the above-described redemptions on a monthly basis. See “FINANCING PLAN” herein.

Cross Calling Under the General Indenture. Although the General Indenture permits the special redemption of Bonds of a Series from Revenues attributable to other Series of Bonds, except as may be necessary to pay scheduled debt service on Outstanding Bonds or as set forth in the Authority Request, the Authority will covenant in the 2016 Series B Indenture that the Authority will not use Revenues attributable to any other Series of Bonds for special redemption of Offered Bonds, nor will the Authority use Revenues attributable to the Offered Bonds for special redemption of any other Series of Bonds. Moneys on deposit in any debt service or redemption account related to the Offered Bonds may not be applied to purchase mortgage loans.

Other Provisions Concerning Redemption. Notice of redemption is to be given not less than thirty (30) days nor more than sixty (60) days prior to the redemption date by first class mail to the registered owner of any Offered Bonds or portions of Offered Bonds to be redeemed at their last addresses appearing on the registration records of the Bond Registrar. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the registered owners of such Offered Bonds shall have actually received such notice. Receipt of such notice by the registered owner of any Bond shall not be a condition precedent to the redemption of such Bond. Failure to give notice of redemption to any registered owner or any defect therein shall not affect the validity of redemption proceedings for any Bond with respect to which no such failure or defect has occurred. The obligation of the Bond Registrar to give any notice shall not be conditioned upon the prior payment to the Paying Agent of moneys or Defeasance Obligations sufficient to pay the Redemption Price of the Offered Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date.

If DTC or its nominee is the registered owner of any Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any Bond to be redeemed shall not affect the validity of the redemption of such Bond. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM” attached hereto.

If less than all the Offered Bonds of like maturity are to be redeemed, the Bond Registrar shall select the particular Offered Bonds or the respective portions thereof to be redeemed by lot in such manner as the Bond Registrar in its discretion deems fair and appropriate.

The portion of any Bond of a denomination larger than the minimum denomination of \$5,000 principal amount may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Offered Bonds, as applicable, of such minimum denomination which is obtained by dividing the principal amount of such Bond by such minimum denomination. If there shall be selected for redemption less than all of an Offered Bond, the Authority shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Offered Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Offered Bond so surrendered, Offered Bonds of like maturity in any of the authorized denominations.

If, on the redemption date, moneys for the redemption of Offered Bonds or portions thereof, together with interest to the redemption date, shall be held by the Trustee or the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Offered Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee or the Paying Agent moneys sufficient to redeem all the Offered Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Subject to the terms and conditions set forth in the Indenture and prior to the mailing by the Bond Registrar of a notice of redemption with respect to Offered Bonds of any particular maturity, the Authority may direct the Trustee or the Paying Agent to purchase such Offered Bonds with available moneys under the Indenture for cancellation in lieu of redemption. The Trustee and the Paying Agent shall apply available moneys in accordance with the Indenture from the Funds and Accounts specified in the Indenture to purchase such Offered Bonds. As of the date of this Official Statement, the Authority has not purchased bonds under the purchase in lieu of redemption option under the Indenture. However, in January of 2009 the Authority published a Municipal Secondary Market Disclosure notice regarding the consideration by the Authority to purchase bonds in lieu of redemption.

Additional Bonds

The Authority may issue Additional Bonds secured by the pledge and lien of the General Indenture on a parity with, or subordinate to, the Offered Bonds (including Variable Rate Bonds as to which the variable interest rate risk is not hedged by an Interest Rate Contract or otherwise) upon satisfaction of the terms and conditions of the General Indenture, including the condition that, so long as there are Outstanding Bonds rated by a Rating Agency, the Authority will obtain a Cash Flow Statement and a confirmation from each such Rating Agency then providing a rating on any Outstanding Bonds that

the issuance of such Additional Bonds will not result in the lowering or withdrawal of its then current rating on any Series of Outstanding Bonds. The Authority has also reserved the right to issue other obligations not secured by the pledge and lien of the General Indenture.

Estimated Weighted Average Lives of the Offered Bonds

The weighted average life of a security refers to the average of the length of time that will elapse from the delivery date of such security to the date each installment of principal is paid to the investor, weighted by the amount of such installment. The weighted average life of the Offered Bonds will be influenced by, among other factors, the rate at which principal payments (including scheduled payments and principal prepayments) are made on the Existing Loans.

Payments of mortgage loans are commonly projected in accordance with a prepayment standard or model. The model used in the following discussion is the Securities Industry and Financial Markets Association (formerly the Bond Market Association) prepayment standard or model (the “**PSA Prepayment Benchmark**”). The PSA Prepayment Benchmark is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. The PSA Prepayment Benchmark assumes that, on an annualized basis, 0.2% of the mortgage portfolio prepays in the first month, and in each successive month the percentage of mortgages which prepay increases, on an annualized basis, by 0.2% per month until, after the 30th month of the mortgage portfolio’s life, the prepayments are equal to a constant prepayment rate of 6% per annum of the unpaid principal balance for the remaining life of the mortgage loans.

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of prepayments of the Existing Loans and there is no assurance that the Prepayments of the Existing Loans will conform to any of the assumed prepayment rates. See “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” herein for a discussion of certain factors that may affect the rate of prepayment of the Existing Loans. *The Authority makes no representation as to the percentage of the principal balance of the Existing Loans that will be paid as of any date, or as to the overall rate of prepayment or the assumptions, projections or methodology set forth under this caption.*

The following information was provided by CSG Advisors (the “**Financial Advisor**”), as financial advisor to the Authority:

**Projected Weighted Average Lives (in Years)
of the Offered Bonds**

<u>PSA Prepayment Benchmark</u>	<u>2016 Series B Bonds due September 1, 2040</u>
0%	17.4
25%	15.4
50%	13.7
75%	12.1
100%	10.8
150%	8.7
200%	7.2
300%	5.2
400%	3.9
500%	3.1

The weighted average lives of the 2016 Series B Bonds at 107% (last 12 months) and 154% (since issuance) of the PSA Prepayment Benchmark are 10.5 years and 8.6 years, respectively.

The weighted average life of a bond is determined by (i) multiplying the amount of each principal payment by the number of years from the delivery date of the bond to the related principal payment date, (ii) adding the results, and (iii) dividing the sum by the total principal paid on the bond.

The Offered Bonds Redemption Table generated by the assumptions in this section is available in “APPENDIX J – OFFERED BONDS REDEMPTION TABLE” attached hereto.

Selected Information Regarding the Existing Mortgage Certificates

The 2009 GSE Series A/2010 Series A Mortgage Certificates include the following GNMA Certificates and FNMA Certificates whose weighted average summaries are set forth below:

2009 GSE Series A/2010 Series A Mortgage Certificates			
<u>MBS Type</u>	<u>FHLMC</u>	<u>FNMA</u>	<u>GNMA</u>
Par Amount	\$-0-	\$1,213,122.25	\$35,351,746.29
Par Amount	0%	3%	97%

Weighted Average Summary		
<u>Mortgage Rate</u>	<u>Pass-through rate</u>	<u>Remaining Term</u>
4.92%	4.42%	285

The 2009 GSE Series A/2010 Series A Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all prepayments made through July 31, 2016):

- (i) 154% of the PSA Prepayment Benchmark since their issuance in 2010,
- (ii) 107% of the PSA Prepayment Benchmark for the most recent twelve (12) months,
- (iii) 105% of the PSA Prepayment Benchmark for the most recent six (6) months; and
- (iv) 108% of the PSA Prepayment Benchmark for the most recent three (3) months.

The information under this subheading was provided by the Financial Advisor.

SOURCES AND USES OF FUNDS

The following are the expected sources and uses of funds, with respect to the Offered Bonds (following the use of certain proceeds to refund another Authority obligation, as described under “FINANCING PLAN” herein):

Sources of Funds

2016 Series B Bonds Proceeds	\$24,595,000.00
Authority Contribution.....	<u>300,000.00</u>
Total.....	<u>\$24,895,000.00</u>

Uses of Funds

Redemption of 2009 GSE Series A Bonds	\$24,595,000.00
Underwriters’ Fee and Expenses	163,509.33
Costs of Issuance (other than the Underwriters’ Fee and Expenses)	<u>136,490.67</u>
Total.....	<u>\$24,895,000.00</u>

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge Under the Indenture

Under the terms of the Indenture, all Bonds, including the Offered Bonds, are secured by a pledge of and a lien on all of the Authority’s right, title and interest in, to and under:

- (i) the proceeds derived from the sale of the Bonds until used as set forth in the Indenture;
- (ii) the Revenues and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the Indenture (except moneys and securities in the Rebate Account and any Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement which is to be deposited in the Rebate Account);
- (iii) the Servicing Agreements, Mortgage Loans and Certificates, the right to make a claim for, collect and receive Revenues payable to or receivable by the Authority (other than fees payable to the Authority upon obtaining a reservation for a Mortgage Loan, upon sale of a Mortgage Loan to a Servicer or upon the purchase of the Certificates by the Trustee), to bring

actions and proceedings under Servicing Agreements, Mortgage Loans and Certificates or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Servicing Agreements, Mortgage Loans and Certificates;

(iv) all proceeds of mortgage insurance and guaranty benefits related to Mortgage Loans and Certificates received by the Authority under the Programs; and

(v) all moneys and securities and all other rights of every kind and nature from time to time by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Indenture to the Trustee by the Authority or by anyone in its behalf, or with its written consent and to hold and apply such property; subject to the rights granted the Authority to direct the release of moneys free from the lien of the Indenture under the terms and conditions set forth therein.

Limited Obligations

The Offered Bonds are special obligations of the Authority, payable solely from and secured by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Outstanding Bonds and any Additional Bonds including the Existing Mortgage Certificates and the money and securities held in the Funds and Accounts created by the Indenture, other than the Rebate Account and the Rebate Requirement required to be deposited in the Rebate Account. In no event shall the Offered Bonds constitute an obligation or liability (either general or special) of the State or any political subdivision thereof or constitute or give rise to a pecuniary liability of the State or any political subdivision thereof. The Authority has no taxing power and has no power to pledge the general credit or taxing power of the State or any political subdivision thereof. The Offered Bonds and all other Outstanding Bonds and any Additional Bonds issued from time to time, and all interest thereon, are secured on a parity basis. The Authority may issue Additional Bonds under the General Indenture on a parity or subordinate basis to the Offered Bonds. The General Indenture also authorizes the issuance of Additional Bonds as general obligations of the Authority.

The Offered Bonds are not a debt of the United States of America, GNMA, or any other agency of the United States of America, or of Fannie Mae, and are not guaranteed by the full faith and credit of the United States of America, or of GNMA or Fannie Mae. The obligations of Fannie Mae are not backed by the full faith and credit of the United States of America.

Changes Permitted with a Rating Confirmation

The Indenture permits certain changes in the security for the Bonds and other matters so long as a confirmation is received from a Rating Agency that such changes will not result in a reduction, suspension or withdrawal of the outstanding rating assigned by such Rating Agency to any of the Bonds. Among other provisions, these include the ability to invest in certain Investment Obligations. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE AND FORM OF GSE APPENDIX” attached hereto.

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Certain Information Regarding the General Indenture

An unaudited consolidated balance sheet showing assets and liabilities of the Indenture as of March 31, 2016 follows:

Consolidated Balance Sheet⁽¹⁾ as of March 31, 2016

<i>Assets:</i>	
Mortgage Certificate Balance	\$128,669,142.00
Revenue Fund	2,092,579.36
Negative Arbitrage Account	0.00
Special Redemption Account	320,000.00
Cost of Issuance	0.00
Loan Acquisition	0.00
Rebate Fund (non-parity)	0.00
	<hr/>
TOTAL ASSETS	\$131,081,721.36
TOTAL PARITY ASSETS	\$131,081,721.36
<i>Liabilities:</i>	
Bonds Outstanding	\$128,845,000.00
Accrued Interest	322,595.08
	<hr/>
TOTAL LIABILITIES	\$129,167,595.08
<i>Parity:</i>	
Equity	\$1,914,126.28
Parity	101.48%

(1) Unaudited

INVESTMENT CONSIDERATIONS AND RISKS

The purchase of the Offered Bonds involves certain investment considerations and risks discussed throughout this Official Statement. Prospective purchasers of the Offered Bonds should make a decision to purchase the Offered Bonds only after reviewing the entire Official Statement and making an independent evaluation of the information contained and cited herein. Certain of those investment considerations and risks are summarized below. This summary is not intended to be definitive or exhaustive, and the order in which the following investment considerations and risks are presented is not intended to reflect their relative significance.

Prepayment and Redemption Considerations

The Trustee will receive scheduled payments and prepayments of the principal of the Existing Mortgage Certificates. Prepayments consist of all principal payments in excess of the regularly scheduled principal payments on the Existing Mortgage Certificates, including, but not limited to, payments representing: (1) optional prepayments of Existing Mortgage Certificates, (2) casualty insurance proceeds or condemnation awards applied to the prepayment of Existing Loans following a partial or total destruction or condemnation of a residence, (3) mortgage insurance or guaranty proceeds or other amounts received with respect to Existing Loans following acceleration thereof upon the occurrence of an event of default thereunder, (4) prepayments of Existing Loans required pursuant to applicable rules, regulations, policies and procedures of FHA, USDA/RD, VA, GNMA or FNMA, (5) prepayments of

Existing Loans without notice while under supervision of a trustee in bankruptcy, and (6) prepayments of Existing Loans in connection with the modification of such loans that results in the removal of Existing Loans from the pool of loans backing the related Existing Mortgage Certificates (see “Recent Developments in the Residential Mortgage Market May Adversely Affect Bond Yield” below). Prepayments are usually the result of the resale of the premises securing a Existing Loan or the refinancing of a Existing Loan due to changes in mortgage interest rates. Therefore, economic and financial market conditions may have a significant effect on the rate of prepayments. The Authority is not aware of any means which would allow it to accurately predict the actual level of prepayments it will receive from the Existing Mortgage Certificates. Portions of prepayments with respect to the Existing Mortgage Certificates allocated to the Offered Bonds will be applied to the special redemption at the price and in accordance with the procedures described under the heading “DESCRIPTION OF THE 2016 SERIES B BONDS – Redemption Provisions” herein.

Developments in the Residential Mortgage Market May Adversely Affect Bond Yield

The residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance and market value of mortgage revenue bonds. In response to increased delinquencies and losses with respect to residential mortgage loans, the federal government, state governments, consumer advocacy groups and others have urged aggressive action to modify mortgage loans to avoid foreclosures and, in response, certain mortgage servicers have established foreclosure avoidance programs for borrowers. In addition, numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly, have recently been enacted by federal, state and local governmental authorities and it is likely that additional laws, regulations and rules will be proposed. These laws, regulations and rules, together with judicial decisions, may result in delays in the foreclosure process, reduced payments by borrowers, modification of the original terms of the mortgage loans (including each of the Existing Loans), including permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable mortgage servicing expenses. Several courts have also taken unprecedented steps to slow the foreclosure process or prevent foreclosure altogether.

Any modification of a Existing Loan by the Servicer will result in the removal of such loan from the pool of Existing Loans backing the related Existing Mortgage Certificate. The principal balance of the removed Existing Loan will be distributed on the related Existing Mortgage Certificate and will affect expected timing of distributions of principal on the Existing Mortgage Certificate, and, therefore, the Offered Bonds. Bondholders bear the risk that modifications of the Existing Loans may reduce the yield on any Offered Bonds purchased at a premium.

Yield and Prepayment Considerations

The Offered Bonds will be sensitive to the rate and the timing of principal payments and prepayments on the Existing Loans. As a result, the final redemption and weighted average lives of the Offered Bonds may vary substantially over the lives of such Offered Bonds. The yield to the holders of Offered Bonds purchased at a discount or premium will be affected by the actual rate of principal prepayments on the Existing Loans to the extent such prepayments affect principal payments on the Existing Mortgage Certificates. A lower rate of principal prepayments than expected on the Existing Mortgage Certificates would negatively affect the yield on the Offered Bonds sold at a discount, and a higher rate of prepayments than expected would negatively affect the yield on the Offered Bonds sold at a premium. Because it is impossible to predict with any accuracy the timing and dollar amount of principal prepayments that will be made on the Existing Mortgage Certificates, investors may find it difficult to analyze the effect of prepayments on the yield on the Offered Bonds.

Rating Downgrade

Because the Existing Mortgage Certificates are guaranteed by GNMA or Fannie Mae, as applicable, any downgrade in the sovereign credit rating of the United States of America by S&P (see “RATING” herein) likely would result in a downgrade of the Offered Bonds by S&P. Any reduction of the rating in effect for the Offered Bonds may adversely affect their market price. In addition, as all Outstanding Bonds are also secured in part by GNMA Certificates and Fannie Mae Certificates, any downgrade of the rating of the United States of America, or of Fannie Mae, likely would result in a rating downgrade of the Outstanding Bonds. See “RATING” herein.

Substitution of Rating Agencies

The Offered Bonds have been assigned a long-term credit rating as more fully described under “RATING” herein. Pursuant to the 2016 Series B Indenture, the Authority may substitute such long-term rating with a substantially equivalent rating provided by another nationally recognized statistical rating organization providing long-term ratings with respect to obligations similar to the Offered Bonds. No consent of the holders of any Bonds shall be required in connection with such substitution.

Nature of Guarantee of Fannie Mae

The obligations of Fannie Mae under its guarantees of the Fannie Mae Certificates are the obligations of Fannie Mae only. The Fannie Mae Certificates, including the interest thereon, are not guaranteed by the United States. The Fannie Mae Certificates neither constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Fannie Mae, nor are they entitled to the full faith and credit of the United States. If Fannie Mae is unable to satisfy its obligations under its guarantees, distributions on the Fannie Mae Certificates would consist solely of payments and other recoveries on the related mortgage loans. Accordingly, prepayments, delinquencies and defaults on the mortgages would affect distributions on the Fannie Mae Certificates and could adversely affect payments on the Offered Bonds.

Events of Default; Remedies; Parity Indenture

The remedies available to the owners of the Offered Bonds upon an Event of Default under the Indenture or an event of default under the other documents described herein are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies available under the documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Offered Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by the application of equitable principles.

The Offered Bonds are secured on a parity with other Bonds issued under the Indenture. The occurrence of an event of default under any one or more series of Bonds is an event of default with respect to all series of Bonds, even if payments on other series are not in default. See “Events of Default” and “Remedies” in APPENDIX A attached hereto.

Investment Obligations

The Indenture provides that amounts on deposit in any Funds and Accounts under the Indenture may be from time to time invested or reinvested in Investment Obligations. The failure to receive timely payments on any Investment Obligations could adversely affect the Authority’s ability to pay principal or

and interest on Offered Bonds. See “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” herein.

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS

Payments of scheduled principal of and interest on the Existing Mortgage Certificates, whether from scheduled monthly installments or from Prepayments, together with investment income expected to be derived from Revenues on the funds held under the Indenture with respect to the Offered Bonds and invested in Investment Obligations, are assumed to be the source of Revenues with respect to the Offered Bonds and the Related Market Bonds and are expected to be sufficient to pay the interest and principal of the Offered Bonds and the Related Market Bonds as well as a portion of the costs of operating the Single Family Mortgage Program. Certain assumptions have been made as to the range of variation in the generation of Revenues from such sources in order to determine the effect of such variation on the sufficiency of Revenues to pay debt service on the Offered Bonds. The Authority cannot guarantee that actual results will not vary materially from those projected. To the extent that the Existing Mortgage Certificates are not paid on a timely basis in accordance with their terms, actual investment income differs from that estimated by the Authority, or moneys in the related subaccounts of the Revenue Account are needed to pay debt service on or program expenses for other Bonds, the moneys available may be insufficient for the payment of debt service on the Offered Bonds and operating expenses of the Single Family Mortgage Program.

The Authority has assumed that annual Program Expenses, with respect to the Offered Bonds and the Market Bonds, commencing October 1, 2016, will not exceed three hundredths of one percent (0.03%) of Outstanding Offered Bonds and the Related Market Bonds plus, commencing October 1, 2016, two tenths of one percent (0.20%) of the outstanding principal balance of the Existing Mortgage Certificates per annum (such 0.20% being the Authority Fee specified in the Series Indenture related to each Series of the Refunded GSE Program Bonds and the Related Market Bonds). In accordance with the 2016 Series B Indenture, the Authority will also receive a special fee (the “**Special Authority Fee**”) with respect to the Offered Bonds which is a fee payable to the Authority on the first day of each month, commencing October 1, 2016, in an amount equal to 0.4200% of the Outstanding Aggregate Principal Amount of the 2016 Series B Bonds. Notwithstanding the foregoing, the Authority may withdraw any money remaining in the related subaccounts of the Revenue Account following the transfers to pay debt service, on each Payment Date, after the various Asset Requirements have been satisfied and a Cash Flow Statement delivered to the Trustee. With respect to the Offered Bonds, the Class I Asset Requirement is 100%.

On the Business Day prior to the first day of each month, an amount equal to the 2016 Series B Interest Portion (as defined herein) then on deposit in the 2009/2010 Series A subaccount of the Revenue Fund is to be calculated by the Trustee and transferred to the 2016 Series B Subaccount of the Revenue Fund. The 2016 Series B Interest Portion is thereafter to be applied by the Trustee for the payment of interest, from time to time, when due and payable with respect to the 2016 Series B Bonds as well as the Special Authority Fee and certain Trustee fees.

The “**2016 Series B Interest Portion**” is, as of any date of calculation, the amount equal to 3.0325% of the Outstanding Aggregate Principal Amount of the 2016 Series B Bonds.

Moneys in the Offered Bonds subaccount of the Debt Service Fund and the Offered Bonds subaccount of the Redemption Fund (the “**Float Funds**”) are required to be invested in Investment Obligations as defined in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE AND FORM OF GSE APPENDIX” attached hereto.

The Offered Bonds are subject to optional redemption and special redemption pursuant to the redemption provisions of the Indenture. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions” herein. The Authority anticipates that a portion of the Existing Loans will be partially or completely prepaid or terminated prior to their respective final maturities and it is probable that the Offered Bonds will have a substantially shorter life than the stated maturities of such Offered Bonds. The actual rate of principal payments on pools of mortgage loans may be influenced by a variety of economic, geographic, social and other factors and there is no reliable basis for predicting the actual average life of the Existing Loans. In general, if prevailing interest rates fall significantly below the interest rates on the Existing Loans, the Existing Loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on the Existing Loans. Conversely, if interest rates rise above the interest rate on the Existing Loans, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of the Existing Loans include changes in mortgagors’ housing needs, job transfers, unemployment, mortgagors’ net equity or unrealized loss in the mortgaged properties, servicing decisions, the age and payment terms of the mortgages, the extent to which the mortgages are assumed or refinanced, the use of second-lien or other individualized financing arrangements and the requirements of the Single Family Mortgage Program, including the requirements of the Code with respect to the assumability of mortgages funded with the proceeds of qualified mortgage bonds. The mortgagors of certain Existing Loans received assistance grants or closing cost subsidies from the Authority in connection with their Existing Loans. Because the interest rates associated with such Existing Loans are greater than the interest rates associated with the Existing Loans without such grants and subsidies, and because there is no repayment requirement for such assistance grants or closing cost subsidies, it is possible that Existing Loans with such grants and subsidies will prepay at a faster rate than that for Existing Loans without such grants and subsidies. The Authority makes no representation as to the factors that will affect the prepayment of the Existing Loans or the relative importance of such factors. Factors not identified by the Authority or discussed herein may significantly affect the prepayment of the Existing Loans.

The Authority believes the assumptions described herein are reasonable, but cannot guarantee that actual results will not vary materially from such assumptions. If subsequent events do not correspond to such assumptions, the amount of revenues from the Existing Mortgage Certificates and investment earnings available for the payment of principal of and interest on the Offered Bonds and costs of operating the Single Family Mortgage Program may be adversely affected.

The Existing Mortgage Certificates consist entirely of GNMA Certificates and Fannie Mae Certificates. See APPENDIX H for information concerning the Existing Mortgage Certificates, including CUSIP and pool identification numbers. A portion of the prepayments and repayments of principal received on the Existing Mortgage Certificates in or prior to the month of August, 2016, will be used for the mandatory special redemption of the Offered Bonds on October 1, 2016. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions: Special Redemption” herein.

FIRST HOME PROGRAM

The following discussion under the heading “FIRST HOME PROGRAM” is a general description of the Authority’s current single family mortgage lending program, and does not describe the single family program in place during origination of the Existing Mortgage Certificates.

From time to time the Authority finances the acquisition of First Home Loans under the First Home Program, by causing the Trustee to purchase Mortgage Certificates backed by First Home Loans originated by Mortgage Lenders in accordance with the terms and conditions of the Act, the Indenture, the Code, the Rules and Regulations, the Homeownership Programs Master Agreements (also referred to as “Mortgage Purchase Master Agreements”) and the MBS Compliance Agreements (which includes the

“First Home Program Reservation/Lock Commitment” and the “First Home Compliance Approval/Loan Purchase Commitment”). Such documents establish numerous conditions and requirements concerning the acquisition of First Home Loans by Idaho Housing and Finance Association (“IHFA”) as the contracted service provider with respect to First Home Loans under the Mortgage Loan Sub-Servicing and Single Family Program Support Services Agreement dated as of June 1, 2016 by and between the Authority and IHFA (the “**First Home Servicing Agreement**”). The Authority previously caused the Trustee to purchase the Existing Mortgage Certificates backed by the Existing Loans under the same conditions. A summary of the First Home Program requirements follows. The Authority may change its First Home Program requirements from time to time.

Mortgage Certificate Balances Outstanding Under the General Indenture

The following table sets forth certain information regarding the outstanding balances of Mortgage Certificates under the General Indenture as of March 31, 2016:

As of March 31, 2016	Balance *	Percentage
GNMA	\$124,080,800.00	96.43%
Fannie Mae	4,588,342.00	3.57%
Freddie Mac	<u>0.00</u>	<u>0.00%</u>
TOTALS	\$128,669,142.00	100.00%

Mortgage Loan Eligibility Requirements

The Authority expects to evaluate interest rates weekly and to change interest rates as appropriate in light of the rates in the residential mortgage market generally, economic conditions and financial considerations of the Authority, all within the limitations established by the Indenture and federal tax law regulations.

All First Home Loans are to (i) be approximately 30-year fully amortizing loans with substantially equal monthly payments of principal and interest over their terms, (ii) be in an amount not to exceed 100% (or such lower amount as may be permitted by the related insurer or Fannie Mae or Freddie Mac) of the value or the Acquisition Cost of the mortgaged property, and (iii) (A) be insured by FHA or HUD, (B) be guaranteed by VA, (C) be guaranteed by RHS, (D) if not insured by FHA or HUD or guaranteed by VA or RHS and the initial loan-to-value ratio is greater than 80%, be insured under a policy of private mortgage guaranty insurance issued by a private mortgage insurer acceptable to Fannie Mae or Freddie Mac, as applicable, or (E) have an initial loan-to-value ratio not greater than 80%.

The First Home Loans may be used to finance the purchase of new or existing single family residences within the State. Each such First Home Loan will be secured by a mortgage which constitutes a lien on real property including the improvements thereon, subject only to encumbrances and defects permitted under the MBS Compliance Agreements.

Assumptions of First Home Loans are permitted, provided that the Authority consents in advance to the assumption and that the assumption meets Authority requirements relating thereto, including compliance by the transferee with income, occupancy and acquisition cost restrictions, if and to the extent

* The amounts shown represent the principal balances outstanding, and do not represent the fair market value of the Mortgage Certificates.

applicable. Assumptions are also subject to compliance with any mortgage insurance, Fannie Mae or Freddie Mac guidelines.

Mortgage Lenders may enter into “buy-down” or “pledged account” arrangements with builders, developers, real estate agents and mortgagors on terms and conditions acceptable to the Authority and to the applicable guarantor or insurer.

Mortgagor and Acquisition Cost Requirements

Each First Home Loan originated by a Mortgage Lender must be made to an obligor (i) who intends to occupy the residence financed by such First Home Loan as such obligor’s principal place of residence within 60 days after the date of such First Home Loan or, in the case of a Qualified Rehabilitation Loan where the mortgagor does the rehabilitation, within 60 days of the date of completion of the rehabilitation, (ii) who has not had a prior mortgage loan on such residence at any time prior to the origination of the First Home Loan with the exception of certain types of temporary financing or Qualified Rehabilitation Loans, (iii) with certain exceptions, who has not owned a home as a primary residence in the past three years, and (iv) whose family income does not exceed the Authority’s family income limitations, established from time to time in accordance with federal law. In addition to these requirements, the Acquisition Cost of financed residences cannot exceed the limits determined by the Authority from time to time, in accordance with federal law.

Notice of Availability of Funds; Reservation, Delivery and Purchase of First Home Loans

The Authority will provide notices of availability of funds to the Mortgage Lenders determined by the Authority to be eligible to participate in the First Home Program. To be eligible to participate in the First Home Program, a Mortgage Lender must, among other things, enter into a Homeownership Programs Master Agreement with the Authority. The notice of availability of funds describes the First Home Program parameters including the Mortgage Loan interest rate, purchase price, acquisition cost limits, income limits and other parameters and information necessary for Mortgage Lenders to determine the eligibility of borrowers, residences and First Home Loans under the First Home Program.

The Authority’s reservation procedure requires a Mortgage Lender to have taken a preliminary loan application from a potential borrower who has entered into a binding purchase contract with the seller of a residence. In order to make a reservation request, the Mortgage Lender must use the Authority’s on-line reservation system and maintain copies of the required documents in its loan file. Loans will be reserved in the order they are received by the on-line reservation system. If the Authority is able to accommodate the reservation request, it will so signify by providing to the requesting Mortgage Lender a completed and unsigned MBS Compliance Agreement. In order to obtain a commitment from the Authority for the Mortgage Loan, the Mortgage Lender must deliver a signed MBS Compliance Agreement and other forms and documents prior to IHFA’s execution of the MBS Compliance Agreement. By executing the MBS Compliance Agreement, IHFA will certify that the Mortgage Loan is eligible for purchase. The Mortgage Lender must then deliver the Mortgage Loan to IHFA for purchase on or before the final mortgage delivery date. Following correction of any deficiencies in the Mortgage Loan, IHFA is to disburse funds to the Mortgage Lender for the purchase of any eligible Mortgage Loans delivered to IHFA.

Each closed Mortgage Loan must be delivered to IHFA for purchase within 60 days of reserving the Mortgage Loan. If the Authority permits delivery of Mortgage Loans after such date, the Authority may charge an extension fee.

In connection with the First Home Program, the Authority from time to time may apply Federal HOME money for down-payment and closing cost assistance for certain borrowers whose incomes are below 80% of the applicable median income.

MBS Compliance Agreements

Purchases of First Home Loans by IHFA from Mortgage Lenders are made pursuant to Mortgage Loan Purchase Contracts between the Mortgage Lenders and IHFA, and MBS Compliance Agreements between IHFA and the Mortgage Lenders. Each MBS Compliance Agreement provides for the sale of a specified Mortgage Loan to be closed and delivered to IHFA. Each MBS Compliance Agreement relates to a specific mortgagor, residence and mortgage loan amount for which the Authority reserved funds as requested by the Mortgage Lender pursuant to the reservation procedures described above. Each MBS Compliance Agreement contains certain representations and warranties of the Mortgage Lender with respect to the Mortgage Loan delivered thereunder.

IHFA has the right to decline to purchase, and the Authority may withdraw its approval of the purchase of, any Mortgage Loan offered for sale to IHFA if such loan does not meet the requirements set forth in the MBS Compliance Agreement. The Homeownership Programs Master Agreements provide that the Mortgage Lender is to repurchase any Mortgage Loan sold to IHFA which does not conform to all of the terms, conditions, representations and warranties of the applicable MBS Compliance Agreement.

The Authority reserves the right to modify or otherwise change its procedures under the First Home Program from time to time without prior notice on the basis of its experience in order to meet changed conditions. To the extent that such modifications or changes are made, the Authority will be governed by the Act and by the covenants contained in the Indenture.

Homeownership Programs Master Agreements

Each MBS Compliance Agreement incorporates by reference the Homeownership Programs Master Agreement between the Authority and the Mortgage Lender, including all of the terms, conditions, representations and warranties therein. Each Homeownership Programs Master Agreement describes the requirements for eligible Mortgage Loans under the Single Family Mortgage Program and contains representations, warranties, covenants and agreements of the Mortgage Lender to the Authority. IHFA has the right to decline to purchase any Mortgage Loan offered to it if, in its reasonable opinion, the Mortgage Loan does not conform to applicable GNMA, Fannie Mae or Freddie Mac guidelines, and the Authority has the right to direct IHFA not to purchase any Mortgage Loan if, in the reasonable opinion of the Authority, the Mortgage Loan does not conform to the requirements of the Act or the Homeownership Programs Master Agreement.

The Homeownership Programs Master Agreements may be amended or supplemented from time to time, provided any such amendment or supplement does not adversely affect the rights or security of the Holders of the Offered Bonds.

The First Home Servicing Agreement

Pursuant to the First Home Servicing Agreement, IHFA purchases First Home Loans from the Mortgage Lenders. Upon each such purchase by IHFA, IHFA will pay a servicing release premium to the Mortgage Lender on behalf of the Authority. IHFA is to sell the First Home Mortgage Certificates backed by the First Home Loans to the Trustee at the appropriate purchase price expressed as a percentage of the unpaid principal balance thereof, plus accrued interest. Pursuant to the First Home

Servicing Agreement, the Authority will acquire the servicing rights to the First Home Loans backing the First Home Mortgage Certificates issued after June 1, 2016 and IHFA will service such First Home Loans, as sub-servicer to the Authority, in accordance with the requirements of the applicable guarantor or insurer.

Other Servicing Arrangements

Pursuant to prior servicing agreements, certain outstanding Mortgage Loans are serviced by entities other than the Servicer or IHFA, including Suburban Mortgage Company, Bank of Oklahoma (formerly Charter Bank), Bank of America (formerly Countrywide Bank, FSB), CitiMortgage, Inc., and Wells Fargo Bank, N.A. (formerly First Security Bank, N.A.).

THE SERVICER

THE FOLLOWING INFORMATION ABOUT THE SERVICER RELATES TO AND WAS SUPPLIED BY THE SERVICER. SUCH INFORMATION HAS NOT BEEN VERIFIED BY THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL AND IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE AUTHORITY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of March 31, 2016, the Servicer serviced 284,130 single-family Mortgage Revenue Bond mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately \$28.9 billion. The Servicer currently services single-family mortgage loans for State and Local Housing Finance Authorities, mutual savings banks, life insurance companies, savings and loan associations and commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of March 31, 2016, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$428.6 billion and a net worth of \$46.8 billion. For the three months ended March 31, 2016, the Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family Mortgage Revenue Bond mortgage loans in the total principal amount of approximately \$3 billion.

The Servicer is (i) an FHA- and VA-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae-approved seller and servicer of Fannie Mae Securities and (iv) a FHLMC-approved seller and servicer of FHLMC securities.

The Servicer is not liable for the payment of the principal of the Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

LEGALITY FOR INVESTMENT

The Act provides that the Offered Bonds are securities in which all insurance companies and associations and other persons carrying on insurance business, all banks, bank and trust companies, trust companies, private banks, savings banks, savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in

bonds or other obligations of the State, may properly and legally invest funds, including capital in their control or belonging to them.

LEGALITY AND TAX STATUS

Certain legal matters in connection with issuance of the Offered Bonds are subject to the approval of Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel, and certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Omaha, Nebraska, and for the Authority by Sheehan & Sheehan, P.A., Albuquerque, New Mexico. On the date of the issuance of the Offered Bonds, the approving opinion of Bond Counsel will be delivered in substantially the form set forth in Appendix B.

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the Offered Bonds is taxable as ordinary income for federal income tax purposes. Bond Counsel is also of the opinion based on existing law that interest on the Offered Bonds is exempt from State of New Mexico individual income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds.

LITIGATION

On the date of delivery of the Offered Bonds, the Authority is required to deliver a certificate to the effect that no litigation before any court is pending or, to the knowledge of the Authority, threatened, seeking to restrain or enjoin issuance, sale or delivery of the Offered Bonds, or in any way contesting or affecting the validity or enforceability of the Offered Bonds, the pledge or application of any revenues or assets provided for the payment of the Offered Bonds and, except as set forth herein, the existence or powers of the Authority or the title of the Chair, Vice Chair or Executive Director of the Authority to their respective positions.

UNDERWRITING

The Offered Bonds will be purchased from the Authority by J.P. Morgan Securities LLC (“**JPMS**”) as representative of itself and RBC Capital Markets, LLC (“**RBCCM**” and together with JPMS the “**Underwriters**”) under a Purchase Contract dated August 2, 2016, (the “**Purchase Contract**”) at a price equal to \$24,595,000 (par amount of the Offered Bonds) plus accrued interest, if any. The Purchase Contract provides that the Underwriters shall purchase the Offered Bonds in the aggregate stated principal amount thereof if any Offered Bonds are purchased, subject to certain conditions therein. The Underwriters will receive underwriting compensation in the amount of \$135,272.50 and will also be reimbursed for out-of-pocket expenses in the amount of \$28,236.83 with respect to their purchase of the Offered Bonds. The initial public offering prices of the Offered Bonds stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriters.

The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Offered Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

JPMS has entered into negotiated dealer agreements (each, a “**Dealer Agreement**”) with each of Charles Schwab & Co., Inc. (“**CS&Co.**”) and LPL Financial LLC (“**LPL**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

Each of the Underwriters and its affiliates is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

None of the Underwriters is acting as financial advisor to the Authority in connection with the offer and sale of the Offered Bonds.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business, ("**S&P**"), has assigned a long-term rating of "AA+" to the Offered Bonds, with a stable outlook. The S&P rating is a result of S&P's August 5, 2011 action lowering the long-term sovereign credit rating of the United States Government (the "**U.S. Government**") to "AA+" with a negative outlook (subsequently revised to stable), from "AAA". S&P has identified the Offered Bonds as being of a type that are impacted by the U.S. Government's credit rating, due to the Authority's use of GNMA Certificates and Fannie Mae Certificates, and its possible use of Freddie Mac Certificates, in connection with the Existing Mortgage Certificates.

An explanation of the significance of such rating may be obtained from S&P at 55 Water Street, New York, New York 10004. Such rating reflects only the view of such organization. The rating is not a recommendation to buy, sell or hold the Offered Bonds and there is no assurance that such rating will continue for any given period of time or that such rating will not be suspended, revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Offered Bonds may have an adverse effect on the marketability or market price of the Offered Bonds. The Authority has not undertaken any responsibility to bring to the attention of the owners of the Offered Bonds any proposed suspension, revision or withdrawal of the rating on the Offered Bonds, except in connection with the reporting of certain events as provided in the Disclosure Agreement (defined below), or to oppose any such proposed suspension, revision or withdrawal.

Pursuant to the 2016 Series B Indenture, the Authority may substitute the long-term rating provided by S&P with a substantially equivalent rating provided by another nationally recognized statistical rating organization providing long-term ratings with respect to obligations similar to the Offered Bonds.

FINANCIAL ADVISOR

The Authority has retained CSG Advisors as financial advisor in connection with its financing plans and with respect to the authorization and issuance of the Offered Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement (except for the subheadings "DESCRIPTION OF THE OFFERED BONDS – Estimated Weighted Average Lives" and "ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE

REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS – Selected Information Regarding Existing Mortgage Certificates” herein). The Financial Advisor did not participate in the underwriting of the Offered Bonds. Fees payable to the Financial Advisor are contingent upon the issuance of the Offered Bonds.

CONTINUING DISCLOSURE

Pursuant to the terms of a Continuing Disclosure Agreement with respect to the Offered Bonds (the “**Disclosure Agreement**”), the Authority will send or cause to be sent to the Municipal Securities Rulemaking Board (the “**MSRB**”), through its Electronic Municipal Market Access (“**EMMA**”) system, certain financial information and operating data and notices of certain events, pursuant to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the “**Rule**”). The Disclosure Agreement is expected to be executed in substantially the form attached to this Official Statement as Appendix G.

A failure by the Authority to comply with the Disclosure Agreement will not constitute a default under the Indenture, although bondholders will have any available remedy at law or in equity, including seeking mandate or specific performance by court order to cause the Authority to comply with its obligations under the Disclosure Agreement. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Offered Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Bonds and their market price.

On one occasion the Authority failed to make a complete filing of all operating data required by its existing undertakings on a timely basis and on occasion the Authority has failed to link all series of Outstanding Bonds to its timely-filed audited financial statements. Such operating data and financial statements were available on the Authority’s website. Corrective filings have since been made on EMMA.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Offered Bonds.

The Trustee did not participate in the preparation of this Official Statement and makes no representations concerning the Offered Bonds, the collateral or any other matter stated in this Official Statement. The Trustee has no duty or obligation to pay the Offered Bonds from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of, amounts disbursed from the accounts held under the Indenture.

Copies in reasonable quantity of the Indenture and other additional documents and information may be obtained from the Underwriter or from the Authority at 344 Fourth Street, S.W., Albuquerque, New Mexico 87102.

The Appendices attached to this Official Statement are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement by its Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary have been duly authorized by the Authority.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

By: /s/ Jay Czar
Title: Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE AND FORM OF GSE APPENDIX

The following are certain definitions contained in the Indenture and summaries or extracts of certain provisions contained in the Indenture, and are not to be considered as a full statement thereof. Reference is made to the Indenture for full details of all of the terms of the Bonds, the security provisions appertaining thereto and the other terms thereof. Copies of the Indenture are available from the Underwriter or the Authority.

Definitions

“Account” or “Accounts” means one or more of the special trust accounts created and established pursuant to the General Indenture or a Series Indenture.

“Accountant” means the State Auditor of the State, or a nationally recognized firm of independent certified public accountants selected by the Authority, which may be the firm of accountants that regularly audits the books of the Authority.

“Accreted Value” means, with respect to each Compound Interest Bond as of any date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“Acquisition Account” means the Account so designated, which is created and established in the Program Fund by the General Indenture.

“Act” means the Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27 inclusive, and Section 2-12-5, NMSA 1978, as amended from time to time.

“Aggregate Debt Service” means, for any particular period and Bonds, the Debt Service Payments becoming due and payable on all Payment Dates during such period with respect to such Bonds.

“Aggregate Principal Amount” means, as of any date of calculation, the principal amount or Accreted Value of the Bonds referred to.

“Amortized Value” means, when used with respect to an Investment Obligation purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Obligation was purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Obligations at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of an Investment Obligation purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of an Investment Obligation purchased at a discount, by adding the product thus obtained to the purchase price.

“Authority Certificate” means as the case may be, a document signed by the Chair, Vice Chair or an Authorized Officer either (a) attesting to or acknowledging the circumstances, representations or other

matters therein stated or set forth or (b) setting forth matters to be determined by such Authorized Officer pursuant to the Indenture.

“Authority Fee” means the periodic fee payable to the Authority under the Indenture, which fee is payable at the times and in the amounts as provided in the Related Series Indenture.

“Authority Payment Account” means the Account so designated, which is created and established in the Debt Service Fund with respect to General Obligations by the General Indenture.

“Authority Request” means a written request or direction of the Authority signed by an Authorized Officer provided however, that with respect to the Authority request required by the General Indenture for withdrawal of funds from the Acquisition Account for purchase of Mortgage Certificates, unless and until the Authority directs otherwise, the Authority Request may be provided by the related Servicer and the Trustee may rely on such request as though it came from the Authority.

“Authorized Officer” means the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration, Secretary or Chief Financial Officer of the Authority, or any other officer or employee of the Authority, authorized to perform the particular acts or duties by resolution duly adopted by the Authority.

“Bond” or “Bonds” means any of the bonds of the Authority authorized and issued under the Indenture, including the Initial Bonds and any Additional Bonds.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Authority.

“Bond Purchase Fund” means the Fund so designated, which is created and established by a Series Indenture.

“Bond Registrar” means the bank, trust company or national banking association, appointed as Bond Registrar under the General Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other person at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“Bond Year” means, with respect to each Series, the twelve-month period designated as such by the Related Series Indenture, except that the first Bond Year for any Bonds may commence on the date of issuance thereof and end on the date specified by such Series Indenture.

“Bond Yield” means the rate of interest set forth in an Authority Certificate delivered to the Trustee as the yield on the Tax-exempt Bonds calculated in accordance with Section 143(g)(2) of the Code, subject to any subsequent correction required by an Opinion of Bond Counsel.

“Bondholder” or “Holder” or “Holder of Bonds” or “Owner” or similar term, when used with respect to a Bond or Bonds, means the registered owner of any Outstanding Bond.

“Borrower” means the maker of, and any other party obligated on, a Mortgage Loan in connection with the acquisition or rehabilitation of Residential Housing.

“Business Day” means, except as set forth in a Series Indenture, any day (a) on which banks in the State of New York or in the cities in which the respective principal offices of the Paying Agent, the

Bond Registrar, and the Trustee are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open.

“Cash Flow Statement” means, with respect to any particular Bonds, an Authority Certificate (a) setting forth, for the then current and each future Bond Year during which such Bonds will be Outstanding, and taking into account (i) any such Bonds expected to be issued or redeemed or purchased for cancellation in each such Bond Year upon or in connection with the filing of such Certificate, (ii) the interest rate, purchase price, discount points and other terms of any Related Mortgage Loans and Mortgage Certificates, and (iii) the application, withdrawal or transfer of any moneys expected to be applied, withdrawn or transferred upon or in connection with the filing of such Certificate, (A) the amount of Mortgage Repayments and Prepayments reasonably expected to be received by the Authority in each such Bond Year from Related Mortgage Loans and Mortgage Certificates, together with Related Investment Revenues and other moneys (including without limitation moneys in any special escrows established with the Trustee) that are reasonably expected to be available to make Related Debt Service Payments and to pay Related Program Expenses; and (B) the Aggregate Debt Service for each such Bond Year on all such Bonds reasonably expected to be Outstanding, together with the Related Program Expenses reasonably estimated for each such Bond Year; and (b) showing that in each such Bond Year the aggregate of the amounts set forth in clause (a)(A) of this definition exceeds the aggregate of the amounts set forth in clause (a)(B) of this definition. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any other Series and to which such Series has been linked for Cash Flow Statement purposes.

“Certificate Program” means the Authority’s program of acquiring Mortgage Certificates to be allocated to a fund or account under the Indenture.

“Class I Asset Requirement” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“Class I Bonds” means the New Mexico Mortgage Finance Authority Single Family Mortgage Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

“Class I Debt Service Fund” means the Fund so designated, which is created and established by the General Indenture.

“Class I Sinking Fund Installment” means the amount designated for any particular due date in the Related Series Indenture for the retirement of Class I Bonds on an unconditional basis, less any amount credited pursuant to the General Indenture.

“Class I Special Redemption Account” means the Account so designated, which is created and established in the General Indenture.

“Class II Asset Requirement,” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“Class II Bonds” means the New Mexico Mortgage Finance Authority Single Family Mortgage Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

“Class II Debt Service Fund” means the Fund so designated, which is created and established by the General Indenture.

“Class II Sinking Fund Installment” means the amount designated for any particular due date for the retirement of Class II Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class II Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

“Class II Special Redemption Account” means the Account so designated, which is created and established in the General Indenture.

“Class III Asset Requirement,” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“Class III Bonds” means the New Mexico Mortgage Finance Authority Single Family Mortgage Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

“Class III Debt Service Fund” means the Fund so designated, which is created and established by the General Indenture.

“Class III Sinking Fund Installment” means the amount designated for any particular due date for the retirement of Class III Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class III Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

“Class III Special Redemption Account” means the Account so designated, which is created and established in the General Indenture.

“Class IV Asset Requirement,” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“Class IV Bonds” means the New Mexico Mortgage Finance Authority Single Family Mortgage Class IV Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

“Class IV Debt Service Fund” means the Fund so designated, which is created and established by the General Indenture.

“Class IV Sinking Fund Installment” means the amount designated for any particular due date for the retirement of Class IV Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class IV Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

“Class IV Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by the General Indenture.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder.

“Compound Interest Bonds” means any Bond of a Series, tenor and maturity so designated in the Related Series Indenture for which certain determinations under the Indenture are made on the basis of Accreted Value rather than principal amount.

“Conventional Mortgage Loan” means a Mortgage Loan, other than a Mortgage Loan insured or guaranteed by FHA or VA, satisfying the requirements of Fannie Mae or Freddie Mac.

“Cost of Issuance Account” means the Account so designated, which is created and established within the Program Fund in the General Indenture.

“Costs of Issuance” means the items of expense payable or reimbursable directly or indirectly by the Authority and other costs incurred by the Authority, all Related to the authorization, sale and issuance of Bonds and the establishment of the Program, which costs and items of expense shall include, but not be limited to, underwriters’ compensation, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software Related to the Bonds, filing and recording fees, travel expenses incurred by the Authority in relation to such issuance of Bonds or for the Program, initial fees and charges of the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Authority or by the Trustee, legal fees and charges, consultants’ fees, accountants’ fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Authority or an attorney or firm of attorneys retained by the Authority in other connections) licensed to practice in the state in which such attorney or firm of attorneys maintains an office, selected from time to time by the Authority.

“Covenant Default” means an Event of Default specified in paragraph (f) under “Events of Default” in this Appendix A.

“Debt Service Payment” means, when used with respect to any Payment Date, the sum of the (a) interest, if any, and (b) Principal Installments, if any, due and payable on such date with respect to the Bonds.

“Debt Service Reserve Fund” means the Fund so designated, which is created and established by the General Indenture.

“Debt Service Reserve Fund Requirement,” with respect to each Series of Bonds, shall have the meaning set forth in the Related Series Indenture and may be funded as provided in the Related Series Indenture, including, but not limited to, by cash (including Bond proceeds), Mortgage Certificates, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit, and other devices.

“Defeasance Obligations” means Investment Obligations that (a) are described in clause (a) of the definition of “Investment Obligations” and (b) are not subject to redemption by the issuer thereof prior to their maturity.

“Depository” means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Authority as a depository of moneys, Mortgage Loans, Mortgage Certificates or Investment Obligations held under the provisions of the Indenture, and its successor or successors.

“Eligible Borrower” means a person or a family qualifying as a mortgagor for a Mortgage Loan under determinations made by the Authority in accordance with the Act and Section 143 of the Code.

“Escrow Payment” means all payments made by or on behalf of the obligor of a Mortgage Loan in order to obtain or maintain mortgage insurance or guaranty coverage of, and fire and other hazard

insurance with respect to, a Mortgage Loan, and any payments required to be made with respect to such Mortgage Loan for taxes, other governmental charges and other similar charges required to be escrowed under the Mortgage.

“Event of Default” means any of those events defined as Events of Default in the General Indenture and as defined herein under “Events of Default” in this Appendix A.

“Fannie Mae” means the Federal National Mortgage Association, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

“Fannie Mae Certificate” means a single pool, guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by Conventional Mortgage Loans in the related mortgage Pool, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and are amortizing over the original term to maturity.

“Farmers Home” means the United States Department of Agriculture, Rural Housing Services (formerly the Farmers Home Administration) and any agency or instrumentality of the United States succeeding to the insurance functions thereof.

“FHA” means the Federal Housing Administration and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

“Fiduciary” means the Trustee, the Bond Registrar, the Paying Agent or a Depository or any or all of them, as may be appropriate.

“Fiduciary Fees” means the fees and expenses of Fiduciaries, except Servicing Fees payable to such Persons.

“Fiscal Year” means a period beginning on October 1 in any year and ending September 30 of the immediately succeeding year or such other twelve-month period as may be adopted by the Authority in accordance with law.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a body corporate created and existing under the laws of the United States of America, (in particular Title III of the Emergency Home Finance Act of 1970, as amended) and any successor thereto.

“Freddie Mac Certificate” means a single pool, guaranteed mortgage pass-through Freddie Mac mortgage-backed Security issued by Freddie Mac in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Freddie Mac, and backed by Conventional Mortgage Loans in the related mortgage Pool, all of which loans provide for monthly payments of principal and interest in substantially equal installments for the contractual term of such loan and amortizing over the original term to maturity.

“Fund” or “Funds” means one or more of the special trust funds created and established pursuant to the General Indenture or a Series Indenture.

“General Obligation Bond” means a Bond, the payment of principal of and interest on which is a General Obligation of the Authority.

“General Obligation Bond Default” means the event specified in the General Indenture.

“General Obligations” means Bonds secured or additionally secured, as provided in the Related Series Indenture, by a pledge of general revenues or moneys of the Authority legally available therefor, subject only to agreements made or to be made with holders of notes, bonds or other obligations pledging particular revenues or moneys for the payment thereof and subject to the Authority’s right at any time to apply such revenues and moneys to any lawful purpose.

“GNMA” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States of America within the Department of Housing and Urban Development, whose powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C. § 1716, et seq.).

“GNMA Certificate” means a certificate purchased by the Trustee, issued by the applicable Servicer and guaranteed by GNMA pursuant to GNMA’s GNMA I or GNMA II mortgage-backed securities program under Section 306(g) and other related provisions of the National Housing Act of 1934, as amended, and based upon and backed by Qualified Mortgage Loans referred to in the GNMA Certificate, which certificate shall unconditionally obligate the applicable Servicer to remit monthly to the holder thereof (or, in the case of GNMA II Certificates, to GNMA’s fiscal agent for delivery to the holder) its pro rata share of (x) principal payments and prepayments made in respect of the Pool of Mortgage Loans represented by the GNMA Certificate and (y) interest received in an amount equal to the Pass-Through Rate. GNMA shall guarantee to the holder of each GNMA Certificate such holder’s pro rata share of (i) the timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans represented by the GNMA Certificate and (ii) the timely payment of principal in accordance with the terms of the principal amortization schedule applicable to the Mortgage Loans represented by such GNMA Certificate. If GNMA so requires pursuant to its book-entry system, in lieu of the aforesaid certificate, the confirmation of GNMA’s guaranty obligation shall be transmitted to the Trustee or its designee electronically.

“Interest Payment Date” means, for each Bond, any Payment Date upon which interest on such Bond is due and payable in accordance with the Related Series Indenture.

“Interest Reserve Account” means the Account so designated, which is created and established within the Debt Service Reserve Fund by the General Indenture.

“Investment Obligations” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

(a) Direct obligations of, or obligations which are guaranteed by the full faith and credit of, the United States of America;

(b) Obligations, debentures, notes, collateralized mortgage obligations, mortgage backed securities or other evidence of indebtedness issued or guaranteed by any of the following: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Farm Credit System; Fannie Mae (excluding mortgage strip securities, principal strips valued greater than par and interest obligation strips); Farmers Home Administration; Freddie Mac (including participation certificates only if they guarantee timely payment of principal and interest); GNMA; Student Loan Marketing Association; Financing Corp.; Resolution Funding Corp.; or FHA;

(c) Repurchase Agreements with Depositories, acting as principal or agent, for securities described in (a) and (b) above (if such securities are delivered to the Trustee) (A) rated by each Rating

Agency then rating the Class I Bonds or Class II Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or (B) collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Class I Bonds or Class II Bonds in order to maintain the then current rating on such Bonds by such Rating Agency described in a Series Indenture or confirmed to the Trustee by an Authority Certificate;

(d) Obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by requisition or payment agreement with the United States of America and having a rating from each Rating Agency rating the Class I Bonds or Class II Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency and described in a Series Indenture or confirmed to the Trustee by an Authority Certificate;

(e) Investment agreements with Investment Providers approved in a Series Indenture or other investment agreements having substantially similar terms;

(f) Units of a money market fund comprised solely of obligations guaranteed by the full faith and credit of the United States of America which fund is rated by each nationally recognized rating agency then rating the Class I Bonds or Class II Bonds sufficiently high to maintain the then current rating on such Bonds by such rating agency or is otherwise acceptable to each such rating agency in order to maintain the then current rating on such Bonds by such rating agency;

(g) Certificates of deposit, interest-bearing time deposits, or other similar banking arrangements, including investment agreements, with a bank or banks (i) rated by each Rating Agency rating the Class I Bonds or Class II Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or (ii) collateralized in such manner to meet all requirements for collateralized agreements of each Rating Agency rating the Class I Bonds or Class II Bonds in order to maintain the then current rating on such Bonds by such Rating Agency;

(h) Units of a money market mutual fund or any other investment which has a rating from each Rating Agency then rating the Class I Bonds or Class II Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or is otherwise acceptable to each such Rating Agency in order to maintain the then current rating on such Bonds by such Rating Agency and described in a Series Indenture or confirmed to the Trustee by any Authority Certificate; and

(i) Any other investment acceptable to each Rating Agency rating affected Outstanding Bonds in order to maintain the then current rating on such Bonds by such Rating Agency and described in a Series Indenture or confirmed to the Trustee by an Authority Certificate.

“Investment Providers” means any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), whose credit rating (or the equivalent of such rating by virtue of guarantees or insurance arrangements) by each Rating Agency then rating the Class I Bonds or Class II Bonds is sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or is otherwise acceptable to each such Rating Agency in order to maintain the then current rating on such Bonds by such Rating Agency.

“Investment Revenues” means amounts earned on investments (other than Mortgage Loans and Mortgage Certificates, except Mortgage Certificates held in the Debt Service Reserve Fund) credited to

any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments) except the Rebate Requirement.

“Master Servicers” means, collectively, the Master Servicers identified in a Series Indenture or Supplemental Indenture and may include the Authority.

“Master Servicing Agreements” means, collectively, the Master Servicing Agreements identified in a Series Indenture or a Supplemental Indenture.

“MBS Compliance Agreement” means a written agreement between a Mortgage Lender and a Servicer providing for the purchase of a Mortgage Loan by the applicable Servicer, including any documents incorporated by reference therein.

“Mortgage” means the instrument securing a Mortgage Loan which creates a lien (including subordinate liens) on a Residence, subject only to permitted encumbrances.

“Mortgage Certificate” means a Fannie Mae Certificate, a Freddie Mac Certificate or a GNMA Certificate that satisfies the requirements of the Indenture and the requirements of the Related Series Indenture, and that is purchased from amounts in the Acquisition Account or the Debt Service Reserve Fund and is pledged by the Authority to the Trustee pursuant to the Indenture.

“Mortgage Lenders” means banks, trust companies, mortgage companies, savings and loan associations, mortgage bankers, national banking associations, savings banks, building and loan associations and all other financial institutions, all authorized to make Mortgage Loans in the State and, with respect to a Certificate Program, deemed eligible by the Authority to participate as sellers of Mortgage Loans to a Servicer pursuant to the Related MBS Compliance Agreement, or the Authority to the extent permitted by law.

“Mortgage Loan” means a loan which is (a) secured by a Mortgage, (b) made in connection with the purchase or rehabilitation of Residential Housing to an Eligible Borrower by an originating Mortgage Lender, (c) with respect to the Whole Loan Program, allocated to a Fund or Account established pursuant to the General Indenture and a Related Series Indenture and (d) with respect to the Certificate Program, is purchased by a Servicer pursuant to the Related MBS Compliance Agreement. Mortgage Loans may, as provided by Series Indenture, include loans which are non-interest bearing or loans that are non-amortizing for all or any portion of the term thereof.

“Mortgage Purchase Agreement” means a written agreement between a Mortgage Lender and the Authority providing for the purchase of a Mortgage Loan by the Authority or a Servicer, including any Related supplements and any documents incorporated by reference therein.

“Mortgage Repayments” means, with respect to any Mortgage Loan or Mortgage Certificate, the amounts received by or for the account of the Authority as scheduled payments of principal and interest on such Mortgage Loan or Mortgage Certificate to or for the account of the Authority and does not include Prepayments, Servicing Fees or Escrow Payments.

“Mortgage Revenues” means all Revenues other than Investment Revenues.

“Mortgage Yield” means the yield of a Mortgage Loan, calculated in accordance with Section 143 of the Code, as set forth in an Authority Certificate filed with the Trustee.

“Negative Arbitrage Account” means the Account so designated which is created and established in the Indenture.

“Notice Parties” means the Authority, the Trustee, the Bond Registrar and the Paying Agent.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel addressed to the Trustee to the effect that the action proposed to be taken will not, in and of itself, adversely affect the Tax-exempt Status of interest on the Related Bonds.

“Outstanding” means, when used with respect to all Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture except (a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date; (b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar; (c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (d) any Bond deemed to have been paid as provided in the General Indenture.

“Pass-Through Rate” means that rate of interest stated on a Mortgage Certificate.

“Paying Agent” means the bank, trust company or national banking association, appointed as Paying Agent under the General Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Paying Agent pursuant to the Indenture.

“Payment Date” means for each Bond, each date on which interest or a Principal Installment or both are payable on such Bond; and unless limited, means all such dates.

“Person” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“Pool” means, with respect to a Mortgage Certificate, the pool of Mortgage Loans the beneficial ownership of which is represented by such Mortgage Certificate.

“Prepayments” means the payments of principal on a Mortgage Loan or Mortgage Certificate other than regularly scheduled payments of principal.

“Principal Installment” means, as of any date of calculation, and for any Payment Date, (a) the principal amount or Accreted Value of all Bonds due and payable on such date, plus (b) any Class I, Class II, Class III, and Class IV Sinking Fund Installments due and payable on such date, plus (c) the Redemption Price or purchase price due and payable on the applicable redemption date or purchase date under the General Indenture or under any applicable Series Indenture.

“Program” means the Authority’s Single Family Mortgage Program pursuant to which the Authority has determined to make and purchase Mortgage Loans in accordance with the Act and the Rules and the Indenture.

“Program Expenses” means all the Authority’s expenses of administering the Program under the Indenture and the Act and shall include without limiting the generality of the foregoing; Authority Fees, salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, including information processing equipment; software, insurance premiums, credit enhancement fees, legal, accounting, management, consulting and banking services and expenses; Fiduciary Fees; remarketing fees; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Authority.

“Program Fund” means the Fund so designated, which is created and established by the General Indenture.

“Purchase Agreement” means collectively, any MBS Compliance Agreement or Mortgage Purchase Agreement.

“Purchase Price” means, with respect to any Mortgage Certificates or Mortgage Loans to be purchased from the proceeds of the Related Bonds, a fixed percentage of the outstanding principal amount of such Mortgage Certificates or Mortgage Loans established in the Related Series Indenture, plus accrued interest on such Mortgage Certificates or Mortgage Loans to the date of purchase.

“Qualified Mortgage Loan” means, with respect to the Certificate Program, a Mortgage Loan which is eligible for inclusion in a Pool related to a Mortgage Certificate, which is secured by a Mortgage on a Residence meeting all requirements of an MBS Compliance Agreement and the related Servicing Agreement.

“Rating Agency” means, at any particular time, any nationally recognized credit rating service designated by the Authority, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Authority shall at all times have designated at least one such service as a Rating Agency under the Indenture.

“Rebate Account” means the Account so designated, which is created and established in the Revenue Fund in the General Indenture.

“Rebate Requirement” means the amount of arbitrage profits earned from the investment of gross proceeds of Tax-exempt Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as “Rebate Amount” in Section 1.148-3 of the Treasury Regulations, which is payable to the United States at the times and in the amounts specified in such provisions.

“Record Date,” means, except as otherwise provided in a Series Indenture, with respect to each Payment Date, with respect to Bonds which are not Variable Rate Bonds, the Bond Registrar’s close of business on the fifteenth day of the month immediately preceding such Payment Date or, if such date is not a Business Day, the next preceding day which is a Business Day and with respect to Variable Rate Bonds, the Bond Registrar’s close of business on the Business Day immediately preceding such Payment Date; and, in the case of each redemption, such Record Date shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than fifteen (15) calendar days before the mailing of such notice of redemption.

“Redemption Fund” means the Fund so designated, which is created and established by the General Indenture.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Accreted Value of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the Series of Bonds.

“Related” (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, Mortgage Certificate, Mortgage Loan, Mortgage Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

“Residential Housing” or “Residence” means a residential dwelling located within the State that qualifies for financing by the Authority within the meaning of the Act, Section 143 of the Code and related regulations and the Rules.

“Revenue Account” means the Account so designated, which is created and established in the Revenue Fund in the General Indenture.

“Revenue Fund” means the Fund so designated, which is created and established by the General Indenture.

“Revenues” means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments, (b) Investment Revenues, and (c) all other payments and receipts received by the Authority with respect to Mortgage Loans and Mortgage Certificates, but shall not include (i) Escrow Payments, (ii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Mortgage Certificate, Mortgage Loan or Purchase Agreement, (iv) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Mortgage Loan or (v) accrued interest received in connection with the purchase of any Investment Obligations.

“Rules” means the rules adopted by the Authority pursuant to the Act governing the activities authorized by the Act to carry into effect the powers and purposes of the Authority and the conduct of its business, as the same may be amended and supplemented from time to time.

“Series” means and refers to all of the Bonds designated as such in the Related Series Indenture, regardless of variations in Class, dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Indenture and the Related Series Indenture.

“Series Indenture” means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to the General Indenture.

“Servicer” means collectively, the Master Servicers and any other servicer of Mortgage Loans designated by the Authority, and may include the Authority.

“Servicing Agreements” means collectively, the Master Servicing Agreements and any other servicing agreement executed by the Authority in connection with the Related Mortgage Loans.

“Servicing Fees” means (a) any fees paid to or retained by a Mortgage Lender or Servicer in connection with the servicing obligations undertaken by the Mortgage Lender or Servicer in accordance with the Related Mortgage Purchase Agreement or Servicing Agreement, respectively, and (b) any fees retained by or expenses reimbursed to the Authority with respect to Mortgage Loans serviced by the Authority.

“Short Term Bond Account” means the Account so designated, which is created and established in the Program Fund in the General Indenture.

“State” means the State of New Mexico.

“Supplemental Indenture” means any supplemental indenture (including a Series Indenture) approved by the Authority in accordance with the General Indenture amending or supplementing the Indenture.

“Surplus Fund” means the Fund so designated, which is created and established by the General Indenture.

“Tax-exempt Status” means the exclusion of interest on Tax-exempt Bonds from the gross income of the recipient thereof for federal income tax purposes.

“Unrelated” (whether capitalized or not) means not “Related,” within the meaning of that term as defined above.

“Variable Rate Bonds” means Bonds the interest rate on which is not fixed to maturity. Variable Rate Bonds may be designated as Class I, Class II, Class III or Class IV Bonds as provided in the Related Series Indenture.

“Whole Loan Program” means the Authority’s program of acquiring Mortgage Loans (rather than Mortgage Certificates) to be allocated to a Fund or account under the Indenture.

Indenture Constitutes a Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Indenture by those who shall own the same from time to time: the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Bond Registrar, the Paying Agent, and the Owners from time to time of the Bonds; the pledge of certain Funds, Accounts, Revenues and other moneys, rights and interests made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by and on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, subject to the provisions respecting the priority of certain classes of Bonds over other classes of Bonds as set forth in the General Indenture, and except as expressly provided in or permitted by the Indenture. Unless otherwise specified in a Series Indenture (in which the Authority may designate one or more classes of Related Bonds as General Obligations) the Bonds shall be special limited obligations of the Authority payable solely from the moneys, rights and interest pledged therefor in the General Indenture. Except as provided in the General Indenture and in Related Series Indentures with respect to General Obligation Bonds, the Authority shall not be required to advance for any purpose of the Indenture any moneys derived from any source other than the Revenues and other assets pledged under the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for such purpose any moneys of the Authority which may be available for such purpose.

Neither the Class I Bonds, the Class II Bonds, the Class III Bonds nor the Class IV Bonds shall constitute a debt or liability of the State of New Mexico or any political subdivision thereof.

Authorization of Bonds; Additional Bonds

Upon satisfaction of the conditions contained in the Indenture, Bonds may be issued under the Indenture, without limitation as to amount except as may be provided in the Indenture or by law, from time to time, in one or more Series pursuant to a Series Indenture or Indentures; provided, however, that such Bonds may be issued only to provide funds: (a) to make deposits in amounts, if any, required or authorized by the Series Indenture to be paid into Funds or Accounts established in the General Indenture or in the Series Indenture and (b) to refund Bonds issued under the General Indenture or other bonds or obligations of the Authority.

Funds and Accounts Established by the Indenture

The following Funds and Accounts are created and established as special trust funds by the Indenture: (a) the Program Fund, consisting of (i) the Acquisition Account; (ii) the Short Term Bond Account; and (iii) the Cost of Issuance Account; (b) the Revenue Fund, consisting of (i) the Revenue Account; and (ii) the Negative Arbitrage Account; and (iii) the Rebate Account; (c) the Debt Service Reserve Fund, which shall include the Interest Reserve Account; (d) the Class I Debt Service Fund which may include an Authority Payment Account; (e) the Class II Debt Service Fund which may include an Authority Payment Account; (f) the Class III Debt Service Fund which may include an Authority Payment Account; (g) the Class IV Debt Service Fund which may include an Authority Payment Account; (h) the Redemption Fund, consisting of (i) the Class I Special Redemption Account; (ii) the Class II Special Redemption Account; (iii) the Class III Special Redemption Account; and (iv) the Class IV Special Redemption Account; and (i) the Surplus Fund.

Subaccounts may be created in all funds and accounts described in the Indenture for each Series of Bonds as provided for by a Series Indenture or Supplemental Indenture. Except as otherwise provided in the General Indenture or in a Series Indenture, bond proceeds and other moneys relating to a Series of Bonds shall be deposited in the Related subaccounts created with respect to such Series of Bonds.

The Authority may reallocate moneys, investments, Mortgage Certificates and Mortgage Loans among Series under any of the following circumstances (a) if and to the extent required by the Indenture; (b) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series; (c) in connection with an Authority Request filed pursuant to the Indenture; and (d) if and to the extent that the aggregate amount of moneys, investments, Mortgage Certificates and Mortgage Loans allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

If the Authority determines to make such a reallocation of moneys, investments, Mortgage Certificates and Mortgage Loans among Series, the Authority shall deliver to the Trustee an Authority Request specifying such reallocations. Upon receipt of such request, the Trustee shall transfer moneys, investments, Mortgage Certificates and/or Mortgage Loans (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Mortgage Certificates or Mortgage Loans reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Mortgage Certificates or Mortgage Loans are being reallocated, if such Mortgage Certificates or Mortgage Loans at the time of their original acquisition by the Authority met the requirements of the General Indenture and the applicable requirements of the Series Indenture Related to such Mortgage Certificates or Mortgage Loans at the time of their purchase.

Special temporary accounts in the Program Fund and the Debt Service Reserve Fund may be created and established to facilitate the refunding of the Authority's bonds and any exchange of funds related thereto.

The Trustee is authorized by the General Indenture to exchange funds held in any Fund or Account under the General Indenture, for an identical amount and on a same day basis, for amounts made available from any other bonds issued by the Authority and related funds and accounts, pursuant to its receipt of an Authority Request.

Acquisition of Mortgage Certificates

(a) With respect to the Certificate Program (except as otherwise provided in a Series Indenture):

(i) Each Mortgage Certificate to be purchased by the Trustee shall satisfy the following requirements:

(A) Each Mortgage Certificate shall be a mortgage pass-through certificate, and in the case of a GNMA Certificate, shall be issued by the applicable Servicer and shall unconditionally obligate such Servicer to remit its pro rata share of principal payments and prepayments made with respect to the Pool pertaining to such Mortgage Certificate, together with interest received at the Pass-Through Rate applicable to such Mortgage Certificate;

(B) Each Mortgage Certificate shall represent the beneficial ownership of a Pool consisting exclusively of Qualified Mortgage Loans;

(C) Each Mortgage Certificate shall be guaranteed by GNMA, or issued by Freddie Mac or Fannie Mae and guaranteed, as to timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loans included in the Pool pertaining to such Mortgage Certificate, and guaranteed as to timely payment of principal in accordance with the terms of the principal amortization schedule of the Mortgage Loans included in such Pool;

(D) No GNMA Mortgage Certificate shall be eligible for purchase under the Indenture unless the Trustee shall have received a copy of (x) in the case of GNMA I Mortgage Certificates HUD Form 11716, or (y) in the case of GNMA II Mortgage Certificates HUD Form 11705;

(E) The Trustee shall be furnished with (i) a Mortgage Certificate, registered in the name of the Trustee (or its nominee), as Trustee under the Indenture; (ii) or a Mortgage Certificate credited to the account of the Trustee at a clearing corporation (as defined under and pursuant to the Uniform Commercial Code) which is registered as a clearing agency under the Securities Exchange Act of 1934; or (iii) a Mortgage Certificate issued and acquired as set forth in the Indenture; or (iv) any combination of (i), (ii), and (iii) so that the Trustee at all times has a first priority perfected security interest in such Mortgage Certificate;

(F) The Trustee shall receive HUD Form 11704, Fannie Mae Form No. 2005, or Freddie Mac Form No. 381 (or any successor forms) with respect to the Pool

related to such Mortgage Certificate and the Servicing Agreements shall require that each Mortgage Loan in the said Pool be a Qualified Mortgage Loan; and

(G) The aggregate principal balance of the Mortgage Certificates plus all moneys held in all Funds and Accounts under the Indenture (excluding amounts on deposit in the Rebate Account but including accrued but unpaid investment earnings) shall equal or exceed the aggregate principal amount of Bonds Outstanding plus accrued interest on the Bonds.

(H) With respect to the Mortgage Loans related to and underlying the Mortgage Certificates, the Authority covenants and agrees as follows:

a. The Authority will in good faith attempt to meet all applicable requirements of the Code, and, in the case of requirements which relate to the eligibility of Mortgage Loans for tax-exempt financing specified in Section 143 of the Code, will in good faith attempt to meet, and require the Mortgage Lenders, the Servicer and the mortgagors to meet, such requirements before Mortgage Loans are executed, and will establish reasonable procedures to ensure compliance with such requirements. Reasonable procedures will include requirements that mortgagors submit affidavits, and that due-on-sale and other appropriate provisions be included in or attached as riders to Mortgages.

b. The Authority will conduct, or, when appropriate, will require the Mortgage Lenders or the Servicer to conduct, a reasonable investigation to determine whether the requirements which relate to the eligibility of Mortgage Loans for tax-exempt financing have been satisfied and are being satisfied during the terms of such Mortgage Loans and will correct, or require the Mortgage Lenders or the Servicer to correct, any failure to meet such requirements within a reasonable time after the failure is discovered by the Authority.

c. The Authority will take all reasonable steps, including those described above, to assure that:

(1) No Mortgage Loan shall be made by the Mortgage Lenders or purchased by the Servicer unless such Mortgage Loan satisfied all requirements set forth in the MBS Compliance Agreement and the related Servicing Agreement. The provisions of the Servicing Agreements and the MBS Compliance Agreements applicable to the Authority are incorporated in the Indenture by reference and made a part of the Indenture as if fully set forth in the Indenture.

(2) All mortgagors shall be Eligible Borrowers, and the Mortgages shall be executed and recorded in accordance with the requirements of existing laws.

(3) Each Mortgage shall constitute and create a mortgage lien on the real property of the single family Residence with respect to which the Mortgage Loan secured thereby is made, subject only to permitted encumbrances.

(4) Each mortgagor, prior to or simultaneously with the execution and delivery of the Mortgage, shall have acquired title to the site of the Residence, or a fee simple or other interest in real property sufficient for the location thereon of the Residence, free and clear of all liens and encumbrances which would materially affect the value or usefulness, as determined by the related Mortgage Lender, of such site or interest in real property for the intended use thereof.

(5) Each Mortgage Loan shall be eligible for inclusion, and shall be included in, a Pool pursuant to and in accordance with the applicable regulations, policies, guidelines and handbooks of GNMA, Fannie Mae, or Freddie Mac as applicable, governing the issuance of the respective Mortgage Certificates.

(I) Except as otherwise authorized by the Indenture or by Series Indenture, the Authority shall not consent to the modification of, or modify, the rate or rates of interest on, or the amount or time of payment of any installment of principal or interest on any Mortgage Certificate in a manner detrimental to the Owners of the Related Bonds without approval of the Owners of not less than 100% in aggregate principal amount of all Related Bonds at the time Outstanding; provided, however, that the Authority may consent to modify any term or condition with respect to any Mortgage Certificate if required pursuant to the provisions of the Code and the regulations promulgated thereunder so long as (i) the payments to be derived from the Mortgage Certificates together with other available funds shall be sufficient in amount and payable at the times required for the payment of the principal of and interest on the Related Bonds, (ii) the payment and other terms of the Mortgage Certificates are not amended or modified, and (iii) if the payment or other terms of the Mortgage Certificates are proposed to be amended, the Authority has received confirmation from each Rating Agency that such amendment or modification will not adversely affect the current rating on the Related Bonds. If required to correct errors occurring in the issuance of a Mortgage Certificate, the Trustee may exchange Mortgage Certificates for other Mortgage Certificates having substantially similar terms.

(J) The Authority shall comply with the provisions of the Servicing Agreements; including, but without limitation (a) termination of a Servicer if such Servicer is no longer approved by and in good standing with GNMA, Fannie Mae and Freddie Mac as appropriate; and (b) to act as the servicer of Mortgage Loans if the Servicer is terminated for any reason and a satisfactory replacement is not appointed pursuant to the Servicing Agreements; provided, however, nothing contained in the Indenture shall require the Authority to act as servicer of Mortgage Loans under the Servicing Agreements.

Acquisition of Mortgage Loans

With respect to the Whole Loan Program, no Mortgage Loan shall be made or purchased by the Authority unless (i) the Mortgage Loan complies with, and is in fulfillment of the purposes of, the Act including the requirement that such Mortgage Loan have been made to an Eligible Borrower, (ii) at the time the Authority makes or purchases such Mortgage Loan, the Authority reasonably believes that such Mortgage Loan meets applicable requirements, if any, under Section 143 of the Code as in effect or as otherwise applicable with respect to such Mortgage Loan, and (iii) each Mortgage Loan to be purchased shall satisfy the requirements established by the Related Series Indenture.

Unexpended Moneys

Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to purchase Mortgage Certificates or Mortgage Loans in accordance with the General Indenture and the Related Series Indenture shall be withdrawn by the Trustee on the date specified in the Related Series Indenture or such other date or dates on or after such date as may be specified by the Authority, and transferred to the Related subaccount of the Redemption Fund for application in accordance with the Related Series Indenture; provided, however, that such transfer or transfers may be made on a later date as to all or any part of such moneys, if the Authority shall have filed with the Trustee an Authority Request specifying a later date or dates for such withdrawal, and certifying that such Authority Request is consistent with the most recently filed Cash Flow Statement and the Related Series Indenture.

Cost of Issuance Account

Upon the issuance, sale and delivery of the Bonds, the Trustee shall deposit in the Cost of Issuance Account such moneys, if any, as shall be specified in the Related Series Indenture. Moneys in such Account shall be used to pay Costs of Issuance and for no other purpose. Any excess remaining upon payment of all Costs of Issuance shall be transferred by the Trustee to the Authority or to the Related subaccount in the Acquisition Account.

Revenue Fund

The Authority shall pay all Revenues or cause all Revenues to be paid to the Trustee promptly upon their receipt and, in any event, at least once each month. Except as otherwise provided in the Indenture or in a Series Indenture, all Revenues and the Rebate Requirement shall be deposited by the Trustee in the Related subaccounts of the Revenue Fund as follows: (a) for credit to the Related subaccount of the Revenue Account, all Revenues Related to each Series of Bonds; and (b) for credit to the Related subaccount of the Rebate Account, at the times directed by the Authority, the Rebate Requirement Related to the Tax-exempt Bonds of each Series.

There may also be deposited in the Revenue Fund, at the option of the Authority, any other moneys of the Authority, unless required to be otherwise applied as provided by the Indenture.

Promptly upon receipt of interest on a Mortgage Certificate or Mortgage Loan with respect to which moneys were withdrawn from the Acquisition Account to pay for interest accrued on such Mortgage Certificate or Mortgage Loan at the time of purchase, the Trustee shall withdraw from the Related subaccount of the Revenue Account and transfer to the Related subaccount of the Acquisition Account an amount equal to such accrued interest paid. Alternatively, accrued interest on Mortgage Certificates or Mortgage Loans at the time of purchase may be paid from the Related subaccount of the Revenue Account as the Authority shall direct in an Authority Request.

Upon receipt of an Authority Request, the Trustee shall pay or transfer from the Related subaccount of the Revenue Account (i) directly to the Fiduciaries, all Fiduciary Fees, when and as payable and (ii) to the Authority or to its order reasonable and necessary Program Expenses, respectively, only to the extent, if any, provided in the following paragraphs.

On the last Business Day prior to each Payment Date or more frequently if required by a Series Indenture, the Trustee shall withdraw from each subaccount of the Revenue Account and deposit into the subaccounts of the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party

(including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(a) Into the Related subaccount of the Class I Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Payment Date upon all Class I Bonds of the Related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Related Class I Bonds on such Payment Date; provided, however, that this subsection (a) may be modified by a Series Indenture;

(b) Into each Unrelated subaccount of the Class I Debt Service Fund, after making any transfer into such subaccount required by the General Indenture, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (a) of this section as of such date;

(c) Into the Related subaccount of the Class I Special Redemption Account, the amount, if any, needed to ensure that the Class I Asset Requirement of the Related Series of Bonds will be met on such Payment Date following such transfer;

(d) Into each Unrelated subaccount of the Class I Special Redemption Account, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (c) of this section as of such date;

(e) Into the Related subaccount of the Class II Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Payment Date upon all Class II Bonds of the Related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such Payment Date; provided, however, that this subsection (e) may be modified by a Series Indenture;

(f) Into each Unrelated subaccount of the Class II Debt Service Fund, after making any transfer into such subaccount required by the General Indenture, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (e) of this section as of such date;

(g) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount (including the Related Interest Reserve Account) to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(h) Into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by subsection (g) of this section as of such date;

(i) Into the Related subaccount of the Class II Special Redemption Account, the amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series of Bonds will be met on such Payment Date following such transfer;

(j) Into each Unrelated subaccount of the Class II Special Redemption Account, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (i) of this section as of such date;

(k) To the Authority, the amount of any reasonable and necessary Fiduciary Fees with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Fees with respect to the Related Series of Bonds paid directly to Fiduciaries or to the Authority under this subsection (k) in any Bond Year exceed any limitation set forth in the Related Series Indenture;

(l) To the Authority, the amount of any reasonable and necessary Fiduciary Fees with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by subsection (k) of this section as of such date;

(m) Into the Related subaccount of the Class III Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to the aggregate amount of interest becoming due and payable on such Payment Date upon all Class III Bonds of the Related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments required to be paid for the Outstanding Related Class III Bonds on such Payment Date; provided, however, that this subsection (m) may be modified by a Series Indenture;

(n) Into each Unrelated subaccount of the Class III Debt Service Fund, after making any transfer required into such subaccount required by the General Indenture, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (m) of this section as of such date;

(o) To the Authority, the amount of any reasonable and necessary Program Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of such amounts paid to the Authority, plus amounts paid to the Authority with respect to such Series of Bonds pursuant to subsections (k) and (l) above and plus all Fiduciary Fees with respect to the Related Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the Related Series Indenture;

(p) To the Authority, the amount of any reasonable and necessary Program Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by subsection (o) of this section as of such date;

(q) Into the Related subaccounts of the Redemption Fund, the amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Payment Date and giving effect to such transfer, which amount shall be allocated to the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption

Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amounts Outstanding of the Related Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all Related Class I, Class II and Class III Bonds Outstanding;

(r) Into each Unrelated subaccount of the Redemption Fund, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, the additional amount, if any, necessary (after the deposits required by subsection (q) above for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this subsection (r), “applicable” means Related to such Unrelated Series);

(s) Into the Related subaccount of the Class IV Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to the aggregate amount of interest becoming due and payable on such Payment Date upon all Class IV Bonds of the Related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments required to be paid for the Outstanding Related Class IV Bonds on such Payment Date, provided, however, that this subsection (s) may be modified by a Series Indenture; and

(t) Into each Unrelated subaccount of the Class IV Debt Service Fund, after making the transfer into such subaccount required by the General Indenture, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccounts resulting from the lack of moneys sufficient to make the deposit required by subsection (s) of this section as of such date.

The Authority may direct the Trustee to make any of the above transfers more frequently than on Payment Dates, in amounts proportionate to the frequency of transfers so directed.

Following such transfers, the balance, if any, in each subaccount of the Revenue Account in excess of \$10,000 (or such other amount as set forth in the Related Series Indenture), or such lesser amount thereof as shall be requested by the Authority pursuant to an Authority Request certifying that such transfer is consistent with the most recently filed Cash Flow Statement, shall be (A) deposited into the Surplus Fund, (B) paid to the Authority for the payment of Program Expenses or (C) used for any other purpose free and clear of the lien and pledge of the Indenture, all upon receipt of an Authority Request made within 30 days of such Payment Date. Any amount in each subaccount of the Revenue Account in excess of \$10,000 (or such other amount as set forth in the Related Series Indenture) not so paid to the Authority shall be transferred to the Related subaccounts of the Redemption Fund and allocated among the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account as provided in subsection (q) above or shall be transferred and allocated as set forth in an Authority Request, subject in each case to any limitations or requirements specified in the Related Series Indenture.

Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Payment Date from amounts deposited in the Redemption Fund pursuant to this section, the Trustee shall calculate the amounts then on deposit in each subaccount of the Revenue Account which would be transferred to the Related subaccounts of the Class I Debt Service

Fund, the Class II Debt Service Fund, the Class III Debt Service Fund and the Class IV Debt Service Fund, and the Related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of such subsection. Such amounts may be withdrawn from such subaccount of the Revenue Account for application on or prior to the next succeeding Payment Date (A) upon receipt of an Authority Request, to the purchase in lieu of redemption in accordance with the Indenture of Related Class I Bonds, Class II Bonds, Class III Bonds or Class IV Bonds in amounts determined in accordance with this section, (B) to the payment of accrued interest on Bonds being purchased pursuant to the Indenture or redeemed pursuant to the Indenture, or (C) to the redemption of Related Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds on such Payment Date in the amounts determined in accordance with this section.

In the event Bonds are to be redeemed on a date other than a Payment Date, and to the extent moneys are not available in the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund or the Class IV Debt Service Fund to pay accrued interest on such redemption date for such Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds, respectively, the Trustee shall apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Account for the payment of such interest.

Unless otherwise provided for by a Series Indenture, if on any date the Trustee has amounts constituting Prepayments on deposit in the Revenue Account (or subaccount thereof) in excess of \$2,000,000 or such other amount as determined by Series Indenture, the Trustee shall, as soon as reasonably practical, transfer such Prepayments to the Redemption Fund (or applicable subaccount thereof) to redeem Related Bonds, as soon as reasonably practical, pursuant to special redemption or other redemption terms authorized by the Related Series Indenture.

Class I Debt Service Fund

Amounts in each subaccount of the Class I Debt Service Fund shall be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Payment Date for the purpose of paying the interest and Principal Installments on the Related Class I Bonds as the same shall become due and payable (including accrued interest on any Class I Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class I Bonds purchased in lieu of redemption by Related Class I Sinking Fund Installments.

Amounts remaining in each subaccount of the Class I Debt Service Fund after all the Related Class I Bonds have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Related subaccount of the Revenue Account.

Debt Service Reserve Fund

Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee shall deposit in the Related subaccount of the Debt Service Reserve Fund and in the Related subaccount of the Interest Reserve Account therein such amounts, if any, as shall be required by the provisions of the Related Series Indenture, which aggregate amount shall be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series of Bonds, calculated after giving effect to the issuance of such Bonds. Moneys on deposit in the Related subaccount of the Interest Reserve Account shall at all times be deemed to be a part of the Related subaccount of the Debt Service Reserve Fund. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with the General Indenture.

On or prior to each Payment Date, the Trustee shall calculate the amount of the Debt Service Reserve Fund Requirement for each Series of Bonds as of the next succeeding Payment Date and shall determine the amount, if any, which would then be in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized interest purchased on Investment Obligations) is in excess of such Requirement, shall notify the Authority of such excess amount and shall, unless otherwise instructed by an Authority Request, transfer such excess amount from the Related subaccount of the Debt Service Reserve Fund, other than the Related subaccount of the Interest Reserve Account therein, to the Related subaccount of the Revenue Account; provided, however, that if such excess is attributable to amounts invested in Mortgage Certificates, such excess may, at the option of the Authority, be retained in the Debt Service Reserve Fund.

On the last Business Day prior to each Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made pursuant to the Indenture, the Trustee shall transfer from each subaccount of the Debt Service Reserve Fund (including from the Interest Reserve Account as provided below) to the specified subaccounts of other Funds or Accounts the following amounts, in the following order of priority, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(a) In the event that the amount transferred to any subaccount of the Class I Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class I Bonds on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(b) In the event that the amount transferred to a subaccount of the Class I Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class I Bonds on the next succeeding Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(c) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class II Bonds on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund the amount of such insufficiency.

(d) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class II Bonds on the next succeeding Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund, the amount of such insufficiency.

(e) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and

other amounts, if any, due on Related Class III Bonds on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class III Bonds on the next succeeding Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts in the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(g) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any due on Related Class IV Bonds on the next succeeding Payment Date, the Trustee shall transfer from first the Related subaccount of the Interest Reserve Account and then if and to the extent necessary the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

(h) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class IV Bonds on the next succeeding Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts in the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

Class II Debt Service Fund

Amounts in each subaccount of the Class II Debt Service Fund shall be used and withdrawn by the Trustee for transfer to the Paying Agent (i) on each Payment Date for the purpose of paying first the interest and then Principal Installments on the Related Class II Bonds as the same become due and payable (including accrued interest on any such Class II Bonds redeemed or purchased prior to maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class II Bonds purchased in lieu of redemption by Class II Sinking Fund Installments.

Amounts remaining in each subaccount of the Class II Debt Service Fund after all the Related Class II Bonds have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Related subaccount of the Revenue Account.

Class III Debt Service Fund

Amounts in each subaccount of the Class III Debt Service Fund shall be used and withdrawn by the Trustee for transfer to the Paying Agent (i) on each Payment Date for the purpose of paying first the interest and then Principal Installments on the Related Class III Bonds as the same become due and payable (including accrued interest on any such Class III Bonds redeemed or purchased prior to maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class III Bonds purchased in lieu of redemption by Class III Sinking Fund Installments.

Amounts remaining in each subaccount of the Class III Debt Service Fund after all the Related Class III Bonds have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Related subaccount of the Revenue Account.

Class IV Debt Service Fund

Amounts in each subaccount of the Class IV Debt Service Fund shall be used and withdrawn by the Trustee for transfer to the Paying Agent (i) on each Payment Date for the purpose of paying first the interest and then Principal Installments on the Related Class IV Bonds as the same become due and payable (including accrued interest on any such Class IV Bonds redeemed or purchased prior to maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class IV Bonds purchased in lieu of redemption by Class IV Sinking Fund Installments.

Amounts remaining in each subaccount of the Class IV Debt Service Fund after all the Related Class IV Bonds have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Related subaccount of the Revenue Account.

Application of Authority Payment Accounts

If, following transfers made pursuant to the Indenture, there are not sufficient moneys or any moneys allocated to pay all interest or any other required payment due and payable on any General Obligation or to pay any Principal Installment on any General Obligation at maturity or otherwise, the Trustee shall immediately notify the Authority in writing of the amount of such insufficiency and shall request from the Authority an immediate deposit of legally available funds equal to such insufficiency. The Authority shall pay to the Trustee (from the Authority's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes, bonds or other obligations pledging particular revenues or moneys for the payment thereof) for deposit in the Related subaccounts of the Authority Payment Account the amount of such insufficiency. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall shall be allocated pro rata among the holders of the Related General Obligations in proportion to the amounts then due and payable on such Bonds.

Amounts deposited with the Trustee by the Authority pursuant to the paragraph above shall be deposited into the respective subaccounts of the Authority Payment Accounts for the General Obligations for which such amounts are provided. Amounts in such subaccounts shall only be used to pay interest or Principal Installments or other amounts due and payable on the Related General Obligations and may not be transferred to any Debt Service Fund for Bonds which are not General Obligations or to any other Fund or Account for any reason.

Redemption Fund

Moneys deposited in the subaccounts of the Redemption Fund shall be applied by the Trustee to the purchase or applied by the Paying Agent (if directed by the Trustee) to the redemption of Bonds in accordance with the provisions of the Indenture and each Related Series Indenture.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class I Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture, shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class I Bonds. Any amounts remaining in such Class I Special Redemption Account after all Class I Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Account.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class II Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class II Bonds. Any amounts remaining in such Class II Special Redemption Account after all Class II Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Account. Notwithstanding the foregoing, moneys deposited in a subaccount of the Class II Special Redemption Account shall be applied to redeem Related Class I Bonds to the extent necessary, after application of amounts in the Related Class III Special Redemption Account, to satisfy the Related Program Bond Redemption Requirement.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class III Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class III Bonds. Any amounts remaining in such Class III Special Redemption Account after all Class III Bonds of the Related Series have been paid shall be transferred to the Revenue Account. Notwithstanding the foregoing, moneys deposited in a subaccount of the Class III Special Redemption Account shall be applied to redeem Related Class I Bonds to the extent necessary to satisfy the Related Program Bond Redemption Requirement.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class IV Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class IV Bonds. Any amounts remaining in such Class IV Special Redemption Account after all Class IV Bonds of the Related Series have been paid shall be transferred to the Revenue Account.

Notwithstanding anything contained in the Indenture to the contrary, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the mailing of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds of a different Series. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements of each Class for the Related Series.

In addition, notwithstanding anything contained in the Indenture to the contrary, the Authority may by the delivery to the Trustee of an Authority Request and an Opinion of Bond Counsel at any time

prior to the giving of notice of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to a Related or an Unrelated subaccount of the Acquisition Account to be applied as provided in the Indenture. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements of each Class for the Related Series.

Surplus Fund

(a) There shall be paid into the Surplus Fund the respective amount of moneys specified in each Series Indenture and any amounts transferred pursuant to the General Indenture. There may also be paid into the Surplus Fund, at the option of the Authority, any moneys of the Authority from any other source, unless required to be otherwise applied by the Indenture.

(b) Amounts on deposit in the Surplus Fund shall be transferred, without any further direction, by the Trustee to fund any deficiency in the Revenue Account for the purposes of, and in the order of priority, specified in the Indenture.

(c) The Authority may, by the delivery of an Authority Request to the Trustee at any time, instruct the Trustee to transfer moneys or assets on deposit in the Surplus Fund (i) to another Fund, Account or subaccount of the Indenture or (ii) to, or upon the order of, the Authority free and clear of the lien and pledge of the Indenture, with notice of the same to the Rating Agency. Each such Authority Request shall (i) certify that it is consistent with the most recently filed Cash Flow Statement and not prohibited by any Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for all the Classes of Bonds Outstanding.

(d) All income or interest earned on the Surplus Fund shall remain on deposit therein unless transferred in accordance with paragraphs (b) and (c) above.

Investment of Moneys Held by the Trustee

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Obligations, in accordance with directions given to the Trustee in an Authority Request or Certificate; provided that the maturity date or the date on which such Investment Obligations may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof.

Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Obligation or Investment Obligations, provided that each such investment complies in all respects with the provisions of this section as they apply to each Fund or Account for which the joint investment is made, the Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein and amounts credited to the Rebate Account may be invested together with amounts credited to any other Fund or Account. The maturity date or the date on which Investment Obligations may be redeemed at the option of holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes provided in the Indenture.

Except as otherwise specifically provided in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred by the Trustee upon

receipt thereof to the Related subaccount of the Revenue Account, in accordance with the Indenture except that no such transfer shall be made from, and such income, interest or gain (as described above) shall be retained in, the Debt Service Reserve Fund, unless after giving effect to the transfer the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

The Trustee shall make and keep appropriate records identifying all amounts credited to all Funds and Accounts, identifying the respective investment yields provided by the investment of such amounts in Investment Obligations and containing copies of all Authority Requests or certificates filed with the Trustee.

Program Covenants

The Authority covenants in the Indenture that:

(a) It shall use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account, to the extent not reasonably required for other Program purposes of the Authority, to make or purchase Mortgage Certificates or Mortgage Loans, and consistent with sound banking practices and principles shall do all such acts and things necessary to receive and collect Revenues and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of Mortgage Loans.

(b) In making, purchasing and servicing the Mortgage Certificates or Mortgage Loans, the Authority shall comply with the terms and provisions of the Purchase Agreements.

(c) It shall file or cause to be filed with the Trustee a schedule of Mortgage Certificates or Mortgage Loans to be made or purchased by the Trustee or delivered by the Servicer to the Trustee identifying the same by reference to the applicable Servicing Agreement or Authority loan number and the date of each purchase or delivery.

(d) It shall maintain an account for each Mortgage Lender having entered into a Mortgage Purchase Agreement with the Authority and shall record therein a description of each Mortgage Loan purchased from such Mortgage Lender.

(e) Nothing in the Indenture shall be construed to prohibit the Authority from causing a Mortgage Lender to repurchase a Mortgage Loan in accordance with the applicable Mortgage Purchase Agreement.

(f) The terms of each Purchase Agreement shall be reasonably designed to assure that each Mortgage Loan purchased or financed by the Authority pursuant thereto or serviced thereunder meets applicable requirements, if any, under Section 143 of the Code as in effect or as otherwise applicable with respect to such Mortgage Loan.

(e) Mortgage Certificates shall be purchased from each Servicer under the procedures specified in the applicable Servicing Agreement.

Assignment or Disposition of Mortgage Certificates or Mortgage Loans

Following the acquisition of a Mortgage Certificate or Mortgage Loan by the Trustee, the Authority shall not sell, assign, transfer, pledge or otherwise dispose of or encumber any Mortgage Certificate or Mortgage Loan or any of the rights of the Authority with respect to any Mortgage Certificate or Mortgage Loan or arising out of the Mortgage or the other obligations evidencing or

securing any Mortgage Certificate or Mortgage Loan except a Mortgage Loan in default, unless the Authority determines that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds and is consistent with the most recently filed Cash Flow Statements. Provided, however, that the Authority may direct the Trustee to sell Related Mortgage Certificates (or assign the Mortgage Certificates to the Authority) at a price, together with other amounts available therefor under the Indenture, at least sufficient to redeem all Related Outstanding Bonds at any time when such Bonds are subject to optional redemption. The proceeds of any such sale or assignment are to be deposited in the Redemption Fund and used to redeem Related Outstanding Bonds. In the event of any such sale the Trustee shall immediately notify each Rating Agency.

Amendment of Mortgage Certificates or Mortgage Loans

The Authority shall not consent or agree to or permit any amendment or modification of the economic terms of any Mortgage Certificate or Mortgage Loan in any manner materially adverse to the interests of the Bondholders, as determined in good faith by Authority Certificate.

Cash Flow Statement

The Authority shall file Cash Flow Statements at such times as may be required pursuant to the provisions of the Indenture. Whenever an event occurring or action to be taken under the Indenture is required to be “consistent with” a Cash Flow Statement, such event or action must be substantially the same as, or within the range of, the events or actions that were projected or assumed by such Cash Flow Statement to occur or be taken. For any Cash Flow Statement delivered after the issuance of the Related Series, the projections or assumptions as to future results of operation of the Program may include the scenarios covered by, and the material assumptions made in connection with, the Cash Flow Statement delivered in connection with the issuance of such Series, if the actual results of operation of the Programs have not materially deviated from such projections or assumptions. Projections and assumptions may include, but are not limited to, the following: (a) the range of Mortgage Certificate or Mortgage Loan terms and the terms of purchase thereof; (b) the maximum assumed delay in receipt of Mortgage Certificate or Mortgage Loan payments after scheduled due dates; (c) the range of rates of prepayment of Mortgage Certificates or Mortgage Loans; (d) the extent to which amounts from the Redemption Fund may or may not be transferred to the Program Fund; (e) the range of periods of time that amounts may be on deposit in Program Fund before transfer to the Redemption Fund; (f) the investment return on amounts invested under the Indenture other than in Mortgage Certificates or Mortgage Loans; and (g) the order of redemption of Bonds.

Creation of Liens

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture and shall not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in the Indenture shall prevent the Authority from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in the General Indenture; or (ii) notes, bonds or other obligations of the Authority not secured under the Indenture (including, without limitation, bonds or notes secured by a pledge of amounts to be paid or released to the Authority under the provisions of the Indenture, free and clear of the lien of the Indenture); or (iii) notes or bonds or other obligations which are General Obligations of the Authority under the Act.

Events of Default

Except as described elsewhere in the General Indenture with respect to General Obligation Bonds, each of the following events is declared an “Event of Default” under the Indenture:

(a) The Authority shall fail to pay any Principal Installment of any Class I Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Authority shall fail to pay any installment of interest on any Class I Bond when and as the same shall become due and payable, and such failure shall continue for a period of 5 days;

(c) The Authority shall fail to pay any Principal Installment or interest on any Class II Bond when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) The Authority shall fail to pay any Principal Installment or interest on any Class III Bond when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) The Authority shall fail to pay any Principal Installment or interest on any Class IV Bond when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class IV Debt Service Fund;

(f) The Authority shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that a Cash Flow Statement satisfy the requirements of clause (b) of the definition thereof and the requirement that the Authority pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligations), or in the Bonds and such failure shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding (notwithstanding the exception set forth in the Indenture, in the absence of any such notice to be delivered by the Authority to the Trustee, the Trustee shall not be deemed to have any knowledge of any default or Event of Default); or

(g) The Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

Remedies

Upon the occurrence of an Event of Default, the Trustee may, and (except as provided for in the following paragraph) upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds shall give 30 days notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

Notwithstanding the preceding paragraph, following a Covenant Default (except for a failure which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-exempt Bonds), the Trustee shall not declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable unless the Trustee is so directed by the written request of Holders of 100% in Aggregate Principal Amount of Outstanding Bonds.

At any time after the Aggregate Principal Amount of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including, but not limited to:

(i) Enforcement of the right of the Bondholders to collect and enforce the payment of principal of and interest due or becoming due on Mortgage Certificates and Mortgage Loans and collect and enforce any rights in respect to the Mortgage Certificates and Mortgage Loans or other security or mortgages securing such Mortgage Certificates and Mortgage Loans and to require the Authority to carry out its duties and obligations under the terms of the Indenture, and to require the Authority to perform its duties under the Act;

(ii) Suit upon all or any part of the Bonds;

(iii) Civil action to require the Authority to account as if it were the trustee of an express trust for the Holders of Bonds;

(iv) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Bonds; and

(v) Enforcement of any other right of the Bondholders conferred by law or by the Indenture.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions

of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged under the Indenture.

During the continuance of an Event of Default, the Trustee shall apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund or Account (except the Rebate Account, the Bond Purchase Fund, the Short Term Bond Account and, with respect to any Bonds that are not General Obligations, any Authority Payment Account) (moneys and securities in the Short Term Bond Account and an Authority Payment Account are to be applied only to the payment of interest and Principal Installments on Bonds with respect to which such moneys and securities have been pledged), Revenues, payments and receipts and the income therefrom as follows and in the following order:

- (a) To the payment of the reasonable and proper Fiduciary Fees;
- (b) To the payment of the interest, Principal Installments and other amounts then due and payable on the Class I Bonds, subject to the provisions of the General Indenture; as follows:
 - (i) Unless the Aggregate Principal Amount of all of the Class I 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 and payable on the Class I 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 or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installments of any Class I Bonds and any other required payment on any Class I Bonds which shall have become due and payable, 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 Class I Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

- (ii) If the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable, to the payment of the principal, interest and other amounts then due and unpaid upon the Class I Bonds without preference or priority of principal over interest or other amounts or of interest over principal or other amounts, or of other amounts over principal or interest, or of any installment of interest over any other installment of interest, or of any Class I Obligation over any other Class I Obligation, ratably, according to the amounts due respectively for principal and interest or other amounts, to the persons entitled thereto without any discrimination or preference;
- (c) To the payment of the Principal Installments of and interest and other amounts then due on the Class II Bonds in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class II Bonds rather than the Class I Bonds.

(d) To the payment of the Principal Installments of and interest and other amounts then due on the Class III Bonds in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class III Bonds rather than the Class I Bonds.

(e) To the payment of the Principal Installments of and interest and other amounts then due on the Class IV Bonds in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class IV Bonds rather than the Class I Bonds.

(f) To the payment of the amounts required for reasonable and necessary Program Expenses.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of the Indenture.

Majority Bondholders Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Bonds over Class II, III and IV Bonds, Class II Bonds over Class III and IV Bonds and Class III Bonds over Class IV Bonds) of the Indenture (including indemnity to the Trustee as provided in the General Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Individual Bondholder Action Restricted

(a) Except as provided in the General Indenture, no Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless: (i) an Event of Default has occurred under subsection (a), (b) or (c) of “Events of Default” of this summary, as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and (ii) the Holders of at least 25% in Aggregate Principal Amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; and (iii) such Bondholders shall have offered the Trustee indemnity as provided in the General Indenture; and (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Holders of all Bonds Outstanding.

General Obligation Bond Default

If the Authority shall fail to pay interest on any General Obligation Bond when due or shall fail to pay any Principal Installment on any General Obligation Bond at maturity or otherwise provided that such failure shall not constitute an Event of Default under the General Indenture, such failure shall be a “General Obligation Bond Default” under the Indenture. A General Obligation Bond Default shall not constitute an Event of Default under the Indenture and shall not affect the priority of the lien and pledge on Revenues granted to Holders of Bonds.

Upon the occurrence of a General Obligation Bond Default, the Trustee may and, upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, give 30 days notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Holders of not less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such General Obligation Bonds shall become and be immediately due and payable. In such event, there shall be due and payable on the General Obligation Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

At any time after the Aggregate Principal Amount of the General Obligation Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may annul such declaration and its consequences with respect to any General Obligation Bonds not then due by their terms if (i) moneys shall have been deposited in the General Obligation Debt Service Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding General Obligation Bonds; and (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee. No such annulment shall extend to or affect any subsequent General Obligation Bond Default or impair any right consequent thereon.

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the General Obligation Bondholders under the Act, the General Obligation Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in the last paragraph of this section, including but not limited to: (i) Suit upon all or any part of the General Obligation Bonds; (ii) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of General Obligation Bonds; and (iii) Enforcement of any other right of the General Obligation Bondholders conferred by law or by the Indenture.

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Holders of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the General Obligation Bondholders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the

Trustee, is not unduly prejudicial to the interests of the Holders of General Obligation Bonds not making such request.

The rights and remedies of Holders of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's General Obligation covenant with respect thereto and to the disbursement of amounts available to Holders of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Holders of Bonds having a prior lien on Revenues as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of such Holders of Bonds under the Indenture.

Majority Bondholders Control Proceeding

If a General Obligation Bond Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least a majority in Aggregate Principal Amount of General Obligation Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Bonds over Class II Bonds, Class III Bonds and Class IV Bonds, of the Class II Bonds over Class III Bonds and Class IV Bonds and of the Class III Bonds over Class IV Bonds) of the Indenture (including indemnity to the Trustee as provided in the General Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Individual Bondholder Action Restricted

(a) No Holder of any General Obligation Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the General Indenture unless: (i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and (ii) the Holders of at least 25% in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the General Indenture or to institute such action, suit or proceeding in its own name; and (iii) such Bondholders shall have offered the Trustee indemnity as provided in the General Indenture; and (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of General Obligation Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Holders of all General Obligation Bonds Outstanding.

Modification of Indenture

For any one or more of the following purposes, and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the Authority in the Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

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

(d) To increase the maximum permitted yield to be provided by Mortgage Loans or to change the maximum permitted investment yield to be provided by Investment Obligations credited to any Fund or Account;

(e) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Authority, is reasonably necessary to assure that the interest on Tax-exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes;

(f) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; or

(g) Subject to the Indenture, to modify any provisions of the Indenture in any respect whatever upon obtaining a written confirmation from each Rating Agency then providing a rating on any Outstanding Bonds that such modification will not result in the lowering or withdrawal of its then current rating, if any, of each issue of affected Outstanding Bonds.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority and the Trustee, which upon the filing with the Trustee of a copy thereof and the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

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

(c) To provide for additional duties of the Trustee in connection with the Mortgage Loans;

(d) To waive any right reserved to the Authority, provided that the loss of such right shall not adversely impair the Revenues available to pay the Outstanding Bonds; or

(e) To make any other amendment or change that will not materially affect the interest of Owners of Outstanding Bonds.

Powers of Amendment

Any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the General Indenture of the Holders of at least a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of all such Bonds, or shall reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment without the consent of the Holders of all Bonds then Outstanding or shall change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be due and payable or shall materially adversely affect the rights of the Holders of Class I Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class I Bonds Outstanding, or shall materially adversely affect the rights of the Holders of Class II Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class II Bonds Outstanding, or shall materially adversely affect the rights of the Holders of Class III Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class III Bonds then Outstanding, or shall materially adversely affect the rights of the Holders of Class IV Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class IV Bonds then Outstanding; or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Authority and the Bondholders.

Supplemental Indentures Requiring Consent of Bondholders

At any time or from time to time, the Authority and the Trustee may execute and deliver a Supplemental Indenture subject to consent by the Bondholders in accordance with and subject to the provisions of the General Indenture.

Consent of Holders of Bonds

The Authority at any time may execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the General Indenture, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Bond Registrar, shall be mailed by the Authority to the registered owners of the Bonds. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (A) the written consents of Holders of the percentages of Outstanding Bonds specified in the General Indenture and (B) a Counsel's Opinion stating that such Supplemental Indenture has been duly executed and delivered and filed by the Authority in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to State and federal bankruptcy, insolvency and other similar laws

affecting the enforcement of creditors' rights and the availability of equitable remedies and (ii) a notice shall have been mailed to Bondholders as provided in this section. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the General Indenture. A certificate or certificates by the Bond Registrar filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the General Indenture shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates of the Bond Registrar. Any such consent shall be binding upon the Bondholder giving such consent and, anything in the General Indenture to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Bondholder thereof has notice thereof) unless such consent is revoked in writing by the Bondholder thereof by filing with the Bond Registrar, prior to the time when the written statement of the Bond Registrar provided for in this section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by the General Indenture. The fact that a consent has not been revoked likewise may be proved by a certificate of the Bond Registrar filed with the Trustee to the effect that no revocation thereof is on file with the Bond Registrar. At any time after the Bondholders of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Bond Registrar shall make and file with the Authority and the Trustee a written statement that the Bondholders of such required percentage of Bonds have filed such consents. Such written statement 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 and delivered by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentage of Bonds and will be effective as provided in this section, may be given to Bondholders by the Authority by mailing such notice to Bondholders (but failure to mail such notice shall not affect the validity of the Supplemental Indenture when consented to as provided in this section) not more than 90 days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Bond Registrar provided for in this section is filed. The Authority 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 and the Bond Registrar, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, 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 30 day period; provided, however, that any Fiduciary and the Authority during such 30 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.

Modifications by Unanimous Consent

The terms and provisions of the Indenture or any Supplemental Indenture and the rights and obligations of the Authority and of the Bondholders may be modified or amended in any respect upon the issuance and filing by the Authority of a Supplemental Indenture and the consent of the Bondholders of all Bonds then Outstanding, such consent to be given as provided in the General Indenture, except that no notice of such consent to Bondholders by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Defeasance

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Authority all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or the Paying Agent (through deposit by the Authority of moneys 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 this section. Outstanding Bonds shall be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in this section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail as provided in the General Indenture notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Obligations the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price 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 60 days, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said Bonds.

FORM OF GSE APPENDIX

The following is a form of the conformed GSE Appendix to the Indenture related to the 2009 Series Short-Term Bonds (Exhibits and Attachments to the GSE Appendix are not included but are available from the Authority upon request).

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1 Appendix Definitions. The following terms shall, with respect to the Program Bonds, have the following meanings in this Appendix and the Indenture for so long as the Program Bonds remain Outstanding:

“Administrator” means U.S. Bank National Association, as administrator pursuant to that certain Administration Agreement by and among U.S. Bank National Association, Fannie Mae and Freddie Mac and concerning the administration of the Program, together with its successors and assigns in such capacity.

“Annual Base Rate” means, in connection with Program Bonds subject to a Release Date occurring prior to January 1, 2011, 3.21% (the rate locked in December 2009), and, in connection with a Release Date occurring on or after January 1, 2011, the 10-Year Constant Maturity Treasury rate as of the close of business on December 9, 2010 or a date between December 2, 2010 and December 10, 2010, designated in advance by the HFA, each as reported to the Trustee and Authority by the Special Permanent Rate Advisor.

“Annual Filing” means the annual financial information required to be provided by the Authority pursuant to a continuing disclosure undertaking of the Authority pursuant to Rule 15c2 12, which information shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2 12, whether or not Rule 15c2 12 applies to the Program Bonds.

“Authorized Denominations” means \$5,000 and integral multiples thereof and, for purposes of initial issuance and redemption of Program Bonds, \$10,000 or any integral multiple of \$10,000 in excess thereof.

“Bond Counsel” means nationally recognized bond counsel selected by the Authority.

“Bond Rating” means the long term credit rating (without regard to any bond insurance or any other form of credit enhancement on the Bonds) assigned to the Program Bonds or Parity Debt by each Rating Agency then providing its long term rating therefor. If more than one rating agency provides a rating, the “Bond Rating” is the lowest such rating.

“Certificate of Adverse Change” means a written notice from or on behalf of the GSEs or the Authority stating that one or more of the certificates or opinions required to be delivered by the Authority pursuant to the Placement Agreement has been revised or withdrawn prior to the receipt by the Authority of proceeds of the Program Bonds on the Settlement Date.

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

“*Combined Original LTV*” means the aggregate original principal balance(s) of all mortgages on a property divided by its original appraised value or original purchase price, whichever is less.

“*Conversion*” or “*Converting*” or “*Converted*” means the conversion or the converting of the interest rate on all or a portion of the Pre Conversion Bonds from a Short Term Rate to a Permanent Rate as provided herein.

“*Conversion Date*” means, with respect to all or a portion of Pre Conversion Bonds that are converting to a Permanent Rate, the date two (2) months after the related Release Date; provided that there shall be no more than six (6) Conversion Dates.

“*Converted Bonds*” means Program Bonds that have been through the process of Conversion.

“*Cumulative Loss*” means the dollar amount of losses realized on a portfolio of mortgages after taking into account recoveries from insurance proceeds, foreclosure or other disposition of the collateral.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a lien on any asset of such Person, whether or not such debt is assumed by such Person, and (f) all Guarantees by such Person of debt of other Persons.

“*Debt to Income Ratio*” means, for purposes of the reporting package referenced in Section 5.3 hereof, this is a front-end calculation that compares a borrower’s monthly Mortgage Expense (numerator) to the borrower’s monthly gross income (denominator).

“*Escrow Fund*” means the 2009 Series subaccount of the Short Term Bond Account, which is created hereby as a separate, noncommingled subaccount in which the Trustee will hold the Pre Conversion Bond proceeds until the applicable Release Date or until such Pre Conversion Bonds are redeemed.

“*Escrowed Proceeds*” means the portion of the proceeds of the Pre Conversion Bonds that, together with the Shortfall Amount, must be set aside in the Escrow Fund pending the related Release Date.

“*Escrow Release Termination Date*” means, subject to the GSEs’ right to consent to Release Dates, December 31, 2011, or any later date approved by Treasury and the GSEs in their sole discretion.

“*Fannie Mae*” means the Federal National Mortgage Association, a federally chartered and stockholder owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

“*FHA*” means the Federal Housing Administration or its successors.

“*Four Week T-Bill Rate*” means the interest rate for Four Week Treasury Bills (secondary market) as reported by the Federal Reserve on its website at the following internet address <http://www.federalreserve.gov/releases/h15/update/h15upd.htm>.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States.

“*GNMA*” means the Government National Mortgage Association, a government sponsored enterprise organized and existing under the laws of the United States.

“*GSE*” means either Fannie Mae or Freddie Mac or both, collectively, as the context may require.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“*Hedge*” means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

“*HUD*” means the United States Department of Housing and Urban Development.

“*Interest Payment Date*” means, with respect to Pre Conversion Bonds, each Release Date (but such Release Date shall be an Interest Payment Date only for that portion of Pre Conversion Bonds with respect to which Escrowed Proceeds are subject to release on such date), each Conversion Date (but such Conversion Date shall be an Interest Payment Date only with respect to those Pre Conversion Bonds which are to become, as of such date, Converted Bonds), and each redemption date. Interest Payment Dates for each Converted Bond shall be each March 1 and September 1 and any date fixed for redemption.

“*Market Bond Ratio Requirement*” means the requirement that the Authority issue and deliver Market Bonds in conjunction with and as a condition to each Release Date, the principal amount of such Market Bonds being not less than 2/3rds of the principal amount of Pre Conversion Bonds the proceeds of which are proposed to be released on such Release Date.

“*Market Bonds*” means serial bonds and/or term bonds sold by the Authority to public or private investors in accordance with standard bond underwriting practices and that are issued under the Indenture in order to satisfy the conditions to the release of proceeds of some or all of the Program Bonds.

“*Material Event Filing*” means material event notices required to be provided by the Authority pursuant to a continuing disclosure undertaking of the Authority pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to Section 5.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Program Bonds.

“*MBS*” means a mortgage backed security or securities issued by either GSE or by GNMA.

“*Mortgage Expense*” means the monthly payment for mortgage principal and interest as well as any monthly mortgage insurance premium.

“*Notice Parties*” means the Administrator, Fannie Mae, Freddie Mac and Treasury’s Financial Agent.

“*Notice Parties’ Addresses*” means the addresses of the Notice Parties set forth in Section 6.1 hereof as modified from time to time pursuant to Section 6.1 hereof.

“*Official Statement*” means an official statement or other offering document of the Authority with respect to either the Program Bonds or the Market Bonds.

“*Official Statement Supplement*” means the supplement or amendment to the official statement of the Authority relative to the Conversion of Program Bonds to Converted Bonds.

“*Parity Debt*” means, at any given time, Debt, including the Program Bonds, that is now or hereafter Outstanding under the terms of the Indenture; provided, that such Debt is secured and is otherwise payable on a parity with the Program Bonds pursuant to the Indenture.

“*Permanent Rate*” means, with respect to the principal amount of Pre-Conversion Bonds subject to release on the relevant Release Date, an interest rate per annum certified to the Trustee by the Special Permanent Rate Advisor on or prior to such Release Date equal to the sum of (i) the 10-Year Treasury Rate plus (ii) the Spread.

“*Permanent Rate Calculation Date*” means the date on which the Permanent Rate is calculated with respect to all or a portion of the Program Bonds, which shall be, with respect to each applicable portion of the Pre-Conversion Bonds the date on which the Special Permanent Rate Advisor notifies the Authority and the Trustee of the Permanent Rate, which date shall be the first business day at least seven days prior to the Release Date, provided that a bond purchase agreement must be executed with respect to the Market Bonds on or prior to such date for such Permanent Rate to be effective.

“*Permitted Escrow Investments*” means the investments represented by and provided pursuant to that certain Global Escrow Agreement dated as of December 18, 2009 by and among the GSEs, the Trustee and U.S. Bank National Association, as escrow agent.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Placement Agreement*” means the Placement Agreement among the Authority and the GSEs, concerning the acquisition of the Program Bonds from the Authority, as amended by the modifications required under this Appendix.

“*Pre Conversion Bonds*” means Program Bonds for which the interest rate has not been the subject of a Conversion.

“*Pre Settlement Date*” means December 21, 2009.

“*Primarily Single Family Indenture*” means an existing indenture having underlying single family mortgage loans and MBS constituting at least 70% of the underlying portfolio of mortgage loans held

under the Indenture; said calculation to include underlying mortgage loans originated and anticipated to be originated in connection with the Program Bonds and to be calculated on the relevant calculation date.

“*Program*” means the Housing Finance Agency Initiative New Issue Bond Program announced by Treasury on October 19, 2009.

“*Program Bonds*” means the Program Bonds authorized to be issued pursuant to Section 2.1 of the 2009 Series Indenture and Section 2.1 of this Appendix, and includes Pre Conversion Bonds and Converted Bonds.

“*RDA*” means the Rural Development Agency of the United States Department of Agriculture or its successors.

“*Related Documents*” means this Appendix and the related 2009 Series Indenture, the Program Bonds, the Indenture, any investment agreement or repurchase agreement relating to security for Parity Debt, any surety bond or other credit or liquidity support relative to Parity Debt, and any Hedge entered into with respect to Parity Debt and payable on a parity therewith, as the same may be amended or modified from time to time in accordance with their respective terms.

“*Release Date*” means such date or dates (not to exceed six (6) dates, no more than one of which may occur in any 30-day period) on or prior to the Escrow Release Termination Date and which dates are acceptable to the GSEs, on which dates the proceeds of the related Market Bonds are delivered to the Trustee and the other requirements hereunder are satisfied, including, without limitation, delivery of the Market Bond Ratio Requirement Compliance Certificate attached hereto as Exhibit B. For purposes of determining the number of Release Dates, each delivery by the Authority of a Notification of Interest Rate Conversion shall be counted as a Release Date regardless of whether the related Release Date actually occurs or is postponed, unless the GSEs elect not to treat failure to satisfy the conditions relative to a particular Release Date against the total Release Date limit.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*Settlement Date*” means December 23, 2009.

“*Shortfall Amount*” means the difference, as of the Settlement Date, between the proceeds of the Program Bonds to be received on such Settlement Date and the initial principal amount of such Program Bonds.

“*Short Term Rate*” means, (i) for the period from the Settlement Date to the applicable Release Date, the interest rate which produces an interest payment on such Release Date relative to the Program Bonds with respect to which Escrowed Proceeds are subject to release on such Release Date equal to Investment Earnings and (ii) from the Release Date to the Conversion Date, an interest rate equal to the sum of the Spread plus the lesser of (A) the Four Week T Bill Rate as of the second Business Day prior to the Release Date or (B) the Permanent Rate less the Spread. For purposes of this provision, “Investment Earnings” means total investment earnings on the portion of the Escrow Fund related to Program Bonds with respect to which a Release Date is occurring.

“*Single Family Program Bond Limit*” means the amount of \$155,000,000 that has been allocated to the Authority with respect to the Program Bonds.

“*Special Permanent Rate Advisor*” means State Street Bank and Trust Company, and any successor or assign designated by Treasury.

“*Spread*” means additional per annum interest on the Program Bonds based upon the lowest Bond Rating effective as of the Permanent Rate Calculation Date to the Program Bonds under the Indenture by the rating agencies rating the Program Bonds, as follows:

<u>Rating</u>	<u>Additional Spread</u>
‘Aaa’/‘AAA’	60 bps
‘Aa’/‘AA’	75 bps
‘A’	110 bps
‘Baa’/‘BBB’	225 bps

“*Treasury*” means the United States Department of the Treasury.

“*Treasury’s Financial Agent*” means JPMorgan Chase Bank, N.A., as Treasury’s financial agent, or such other party as Treasury may appoint for such purpose from time to time.

“*Trial Balance*” means, for the purposes of the reporting package referenced in Section 5.3 hereof, a report specific to the Indenture pursuant to which Program Bonds are outstanding, setting forth amounts held in each of the funds and accounts under the Indenture and providing reasonable detail as to how the monies are invested.

“*VA*” means the United States Department of Veterans Administration or its successors.

“*Volume Cap*” means tax exempt bond volume cap as described in Section 146 of the Code.

“*10-Year Treasury Rate*” means the lower of (i) the Annual Base Rate, or (ii) the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on the business day immediately prior to receipt by the Notice Parties of the Notification of Interest Rate Conversion, and ending on the first business day not less than eight (8) days prior to the related Release Date. Provided, however, (1) if such Notification of Interest Rate Conversion is amended after its submission to provide for a later Release Date, clause (ii) above shall read as follows: the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on the business day immediately prior to receipt by the Notice Parties of the amended Notification of Interest Rate Conversion, and ending on the first business day not less than eight (8) days prior to the related Release Date, and (2) if the Notification of Interest Rate Conversion is received by the Notice Parties in 2010 for a Release Date in 2011, clause (ii) above shall read as follows: the lowest 10 Year Constant Maturity Treasury rate, as reported by Treasury as of the close of business on any business day during the period beginning on January 1, 2011 and ending on the first business day not less than eight (8) days prior to the related Release Date. The 10 Year Constant Maturity Treasury rate shall be established by reference to the Daily Treasury Yield Curve Rates published by Treasury, currently available on its website at: <http://www.ustreas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml>, and as certified to the Authority and/or the Trustee by the Special Permanent Rate Advisor.

Section 1.2 Inconsistent Defined Terms. To the extent that any defined terms contained in Section 1.1 hereof are inconsistent with any terms in the Indenture, the defined terms contained herein shall control with respect to the Program Bonds.

Section 1.3 Other Defined Terms. Other capitalized terms contained in this Appendix and not otherwise defined herein, shall have the same meanings ascribed thereto in the General Indenture and 2009 Series Indenture.

ARTICLE II

TERMS OF PROGRAM BONDS

Section 2.1 Date, Maturities and Denominations.

(a) ***Program Bonds.*** The Program Bonds shall be dated December 21, 2009, shall bear interest from the Settlement Date and shall mature on the dates and in the principal amounts set forth below, except as otherwise provided herein:

<u>Maturity</u>	<u>Principal Amount</u>
September 1, 2041	\$155,000,000

(b) ***Denominations.*** The Program Bonds shall be issued only in Authorized Denominations and each Release Date shall apply to Program Bonds in Authorized Denominations.

Section 2.2 Interest Rates. Each Pre Conversion Bond shall bear interest at the Short Term Rate from the Settlement Date to the related Conversion Date. The interest rate on some or all of the Pre Conversion Bonds may be Converted on a Conversion Date to a Permanent Rate in accordance with the provisions hereof. Interest shall be payable on each Interest Payment Date. From and after the Release Date, the Program Bonds shall bear interest on the basis of a 360-day year consisting of 12 30-day months.

Section 2.3 Release and Conversion.

(a) ***General.*** A Conversion may involve all or only a portion of the Pre-Conversion Bonds, provided that such Pre-Conversion Bonds may only be Converted in integral multiples of \$10,000. Any particular Pre-Conversion Bond may be Converted to a Permanent Rate only once. The Authority may exercise its right of Conversion on no more than six (6) occasions and must cause each related Release Date to occur on or prior to the Escrow Release Termination Date. If Pre-Conversion Bonds are Converted to Permanent Rates in part on different dates, each portion of such Program Bond may bear interest at different Permanent Rates based on their respective Conversion Dates.

(b) ***Release Requirements.***

(i) ***On or Prior to a Permanent Rate Calculation Date.***

(A) On or prior to the date which is twenty-one (21) days prior to a proposed Permanent Rate Calculation Date, the Authority shall notify the Trustee, the Notice Parties (at the Notice Parties' Addresses) and the Rating Agencies, pursuant to Exhibit A hereto, of (I) the proposed Release Date (which may not be a date more than sixty (60) days following the date on which a Notification of Interest Rate Conversion is delivered to the Notice Parties hereunder), (II) the proposed Conversion Date, (III) the principal amount of Pre-Conversion Bonds to be Converted on such Conversion Date, (IV) the

proposed Permanent Rate Calculation Date and (V) the Bond Rating anticipated to be in effect on the Release Date.

(B) On the Permanent Rate Calculation Date, the Authority shall deliver to the Trustee, with copies to the Notice Parties, (I) a copy of the executed bond purchase agreement delivered with respect to the Market Bonds, and (II) the Preliminary Official Statement with respect to the Market Bonds (with the final Official Statement to be provided as soon as it is available).

(ii) *On or Prior to a Release Date.* The Authority shall deliver or cause to be delivered to the Trustee on or prior to any Release Date, the following:

(A) the certification of the Special Permanent Rate Advisor specifying the Permanent Rate Calculation Date and the Four Week T Bill Rate, Spread and Permanent Rate applicable to the relevant Conversion;

(B) the Official Statement for the Market Bonds and the Official Statement or Official Statement Supplement relative to the Program Bonds;

(C) (I) an opinion or opinions of counsel and a certificate of an authorized officer of the Authority to the effect that nothing has come to their attention that the Official Statement Supplement or Official Statement relating to the Program Bonds contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which there were made, not misleading and (II) a letter or letters from the counsel referenced in the foregoing clause (I) addressed to the GSEs stating that the GSEs may rely on such opinion as though it was addressed to them;

(D) confirmation by the Rating Agencies of the Bond Rating on the applicable Program Bonds after giving effect to the Release Date and related Conversion;

(E) an opinion of Bond Counsel dated as of the Release Date to the effect that the applicable Program Bonds have been duly and validly issued and are enforceable obligations of the Authority and that interest payable on such Program Bonds is exempt from federal income taxation under Section 103 of the Code;

(F) the principal amount of the Market Bonds shall be in an amount of not less than two-thirds ($2/3$) of the applicable portion of the principal amount of the Program Bonds being Converted;

(G) a certificate of the Authority, attached as Exhibit B hereto, specifying (I) the principal amount of the related Program Bonds to be Converted, (II) the related Market Bonds and their maturity dates, interest rates and principal amounts, (III) the amount of the proceeds of the Market Bonds, and the amounts to be released from the Escrow Fund in connection with such Conversion, (IV) the applicable Conversion Date, (V) the Release Date and (VI) the principal amount of the Pre Conversion Bonds which will not be Converted as part of the related Conversion; and

(H) a certificate of the GSEs, evidencing (I) their consent to the Release Date and (II) that the Authority has paid or made arrangements to pay the fees of the GSEs' counsel in connection with the Release Date.

The Trustee shall provide via e mail and delivery by overnight mail (x) to the Notice Parties at the Notice Parties' Addresses copies of items (ii) (A) through (H) above and (y) to the Authority and the Notice Parties at the Notice Parties' Addresses, confirmation, as set forth in Exhibit C hereto, that the interest rate of the related Program Bonds shall be Converted to the specified Permanent Rate as of the specified Conversion Date and that the related bond proceeds shall be released to the Authority on the specified Release Date in accordance with the provisions of this Appendix. The foregoing are in addition to, and not in lieu of, the requirements relating to the issuance of Additional Bonds under the Indenture with respect to the Market Bonds.

Section 2.4 [Reserved]

Section 2.5 Taxable Bond Representation. The Authority hereby represents and warrants that (i) it reasonably expects to have Volume Cap, to the extent necessary for the Program Bonds to be tax-exempt, on a timely basis and in a manner which shall permit the Conversion of all Program Bonds to a Permanent Rate and the release of all Escrowed Proceeds by the Escrow Release Termination Date and (ii) the Authority shall use its best efforts to obtain such Volume Cap, if necessary. The Authority further represents and warrants that all tax-exempt Program Bonds issued hereunder shall be qualified mortgage bonds within the meaning of Section 143 of the Internal Revenue Code of 1986. The Authority agrees and acknowledges that the adjustment of interest on Program Bonds from taxable status to tax-exempt status may not be accomplished through a refunding and remarketing of the Program Bonds, and the Authority represents and warrants that the conversion of such Program Bonds to tax-exempt status will not be accomplished by such means.

Section 2.6 Special Redemptions.

(a) ***Pre Conversion Bonds.***

(i) ***Failure to Convert.*** Any Pre-Conversion Bonds with respect to which a Release Date has not occurred on or prior to the Escrow Release Termination Date are subject to mandatory redemption on the first day of the first month which commences at least 20 days following the Escrow Release Termination Date (or an earlier date selected by the Authority), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

(ii) ***Withdrawal of Closing Certificates.*** The Program Bonds are subject to mandatory redemption in whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, on the first Business Day at least thirty (30) days after the Settlement Date, if there is delivered by mail or by electronic means to the Trustee on or prior to the Settlement Date a Certificate of Adverse Change and the GSEs have not, prior to the date 20 days following the Settlement Date, provided the Trustee a written waiver.

(b) ***Pre Conversion Bonds Not Meeting Minimum Rating Thresholds.*** Within ten (10) Business Days of receipt by the Trustee of notice that the Bond Rating has been withdrawn or fallen below 'Baa3' or 'BBB', all proceeds that are held in the Escrow Fund shall be used to mandatorily redeem a corresponding amount of Pre-Conversion Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, to the redemption date. The Authority hereby covenants to provide such notice to the Trustee promptly upon receipt by the Authority of notice of any such withdrawal or downgrade.

(c) **Available Moneys for Redemptions.** With respect to the redemptions set forth in (a) and (b) above, moneys still on deposit in the Escrow Fund shall be used for any such redemption; if Escrow Fund moneys are not sufficient, then any available moneys under the Indenture shall also be used for any such redemption.

Section 2.7 Redemption Restrictions and Recycling Prohibition. Except as limited by tax law requirements, the Authority shall apply the following exclusively to the redemption of Program Bonds: (i) all proceeds of the Program Bonds, to the extent not used to acquire mortgage loans or MBS, refund outstanding bond issues as herein provided, pay Program Bond issuance expenses or fund related reserve accounts and (ii) so long as any Market Bonds remain Outstanding, a pro rata portion (calculated based on the Outstanding principal amount of the Program Bonds and the Outstanding principal amount of the Market Bonds) of all principal prepayments and recoveries of principal received with respect to the mortgage loans or MBS acquired or financed with the proceeds of the Program Bonds and the Market Bonds, to the extent not used to pay scheduled principal, interest or sinking fund redemptions (which must be structured in accordance with the requirements of Section 2.8) on Program Bonds, Market Bonds or other bonds issued in conjunction with and secured by the Trust Estate on a parity with the Program Bonds. Amounts set forth in clause (ii) are required to be applied to the redemption of Program Bonds promptly and as provided above shall not be recycled into new mortgage loans or MBS.

Section 2.8 Mandatory Sinking Fund Redemption. Program Bonds are subject to mandatory sinking fund redemption in the amounts and on the dates to be established by the Authority not later than the final Release Date. The Authority hereby covenants to establish such sinking fund schedules as herein provided. Each such redemption shall be at a price of par, plus accrued interest to the redemption date. The schedules described above shall take into account anticipated underlying mortgage loan amortization, and standard and customary practices of the Authority in connection with combined serial bond and term bond issuances. Notwithstanding anything to the contrary herein, the Authority shall not structure sinking fund schedules relative to the Program Bonds or any other bonds secured by the Trust Estate which assume any unscheduled prepayments of mortgage loans or MBS. Unscheduled prepayments will be applied to redemption of bonds as provided in Section 2.7. [May be modified to provide for pass-through of principal payments.]

Section 2.9 Optional Redemption. Program Bonds are subject to redemption at the option of the Authority, in whole or in part, from any source of funds, on the first Business Day of any month, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

Section 2.10 Changes Permitted Upon Conversion. In conjunction with the Conversion of Pre Conversion Bonds, on or prior to the Release Date, the Authority may add mandatory sinking fund redemption requirements to such Program Bonds, may agree to pay the principal of such Program Bonds prior to their stated maturity and may issue additional Market Bonds (whether or not as part of the same federal tax financing plan), which Market Bonds may mature before or after the Program Bonds or be redeemed before or after the Program Bonds.

Section 2.11 Redemption Notice Requirements. In addition to any other required notices under the Indenture, written notice of each redemption of Program Bonds shall be provided by the Trustee to the Notice Parties, such notice to be provided by e-mail or facsimile transmission to the Notice Parties' Addresses. Redemption of Program Bonds shall not be conditioned on or delayed for the giving of such notice, which shall be provided to the Notice Parties at the Notice Parties' Addresses at least ten (10) days in advance of the date of such redemption (or such lesser period as is required under the Indenture). All redemptions of Program Bonds shall be only in Authorized Denominations.

Section 2.12 DTC Provisions.

(a) The Trustee shall take all actions reasonably required by the Authority, in accordance with the policies and procedures of the Depository Trust Company, New York, New York (“DTC”) to assist the Authority in the DTC aspects of the settlement process in connection with the Pre Settlement Date, the Settlement Date, the Release Date and the Conversion Date.

(b) The Program Bonds shall initially be issued to Cede & Co., as nominee for DTC, as one fully registered Bond in the aggregate principal amount of each series of the Program Bonds. In connection with a Release Date for any of the Program Bonds, the Trustee may either accept a replacement bond certificate or make an appropriate notation thereon of the principal amount of such Program Bond certificate and the interest rate(s) to which such Bonds are being Converted and the Release Date and Conversion Date applicable thereto.

If less than all of the Pre Conversion Bonds are the subject of a particular Release Date, the Authority and the Trustee may arrange for the delivery of a new Program Bond certificate in an aggregate principal amount equal to the principal amount of Program Bonds for which a Release Date was established, as well as either a notation of a reduction of the principal amount of the Program Bond representing Escrowed Proceeds or the delivery of a new Bond in such reduced principal amount representing Escrowed Proceeds. If a new Program Bond at such a reduced principal amount representing Escrowed Proceeds is so delivered, it shall be exchanged for the existing Program Bond representing Escrowed Proceeds. The Authority shall arrange for a CUSIP number applicable to each Release Date, which CUSIP number the Trustee shall also note on the Program Bond certificate.

In the event DTC determines to discontinue providing its services and a successor securities depository for all the Program Bonds is not designated, the Authority and the Trustee shall arrange for the delivery of a single certificate for each series of the Program Bonds as fully registered bonds. Each such fully registered Program Bond shall be identified by a legend consisting of the letter “R” followed by the number of the Bond. The Program Bonds shall be numbered consecutively from 1 upwards.

Section 2.13 Market Bond Requirements.

(a) **General.** The Authority is required to issue Market Bonds under the Indenture in connection with the Program Bonds in order to cause the release of Escrowed Proceeds of Program Bonds as described herein. All Market Bonds must be issued by the Escrow Release Termination Date. The Authority hereby represents and warrants that it reasonably expects to issue Market Bonds on or before the Escrow Release Termination Date in a principal amount which will satisfy the Market Bond Ratio Requirement. The Authority further represents and warrants that it reasonably expects to meet all other requirements contained herein relative to the release of Escrowed Proceeds of all Program Bonds issued hereunder.

(b) **Amortization.** The Authority shall not issue Market Bonds with ‘super sinkers,’ planned amortization classes or other priority allocation class rights unless such provisions retain for application to the redemption of the Program Bonds at least the portion of any prepayments or other recoveries of principal relative to mortgage loans funded or MBS purchased with proceeds of the Program Bonds specified in Section 2.7 hereof.

(c) **Mortgage Loan Prepayments.** Prepayments received on the underlying mortgage loans financed with proceeds of the Program Bonds and the related Market Bonds, if any, shall be applied at least on a pro rata basis to redemption of such Program Bonds pursuant to Section 2.7 hereof.

Section 2.14 Treasury Consent Fee. The Authority hereby agrees to remit to Treasury, as directed by the GSEs, on or before January 15 of each year, beginning January 15, 2011, the fee (the “Treasury Consent Fee”) accruing the previous calendar year. The Treasury Consent Fee shall accrue on a monthly basis beginning September 1, 2010 in an amount equal to one-twelfth of 1 basis point (1/12 of .01%) of the total amount of outstanding Program Bonds as of the end of the previous calendar month. The Treasury Consent Fee shall be payable from amounts available for this purpose under this Indenture or from any other legally available funds of the Authority.

ARTICLE III

PROCEEDS OF PROGRAM BONDS

Section 3.1 Escrow of Proceeds of Program Bonds.

(a) ***Escrowed Proceeds.*** The proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund for application as set forth herein.

If the Trustee has received a Certificate of Adverse Change, all the proceeds of the Program Bonds, together with the Shortfall Amount, shall be retained in the Escrow Fund until either the written waiver referenced in Section 2.6(a)(ii) is delivered or the Program Bonds are redeemed as provided in such Section.

In addition, the proceeds of the Program Bonds and the Shortfall Amount shall be retained in the Escrow Fund until the requirements of Section 2.3 hereof are satisfied or until applied to the redemption of the Program Bonds pursuant hereto. The Escrowed Proceeds and the Shortfall Amount held in the Escrow Fund shall be pledged exclusively to the repayment of the Program Bonds unless and until there is a default under the Indenture, in which case such funds will be applied as required by the Indenture. While such proceeds are held in the Escrow Fund, such proceeds may only be invested in Permitted Escrow Investments.

(b) ***Conversion and Release of Escrowed Proceeds.*** Upon the satisfaction of the requirements of Section 2.3 and to the extent provided therein, the released Escrowed Proceeds shall be transferred to such fund or account as the Authority may direct the Trustee.

Section 3.2 Use of Proceeds of Program Bonds.

(a) ***Use of Proceeds.*** The proceeds received from the release of Escrowed Proceeds in connection with Program Bonds shall be used only to redeem Program Bonds or as follows:

(i) to acquire and finance the holding of single family loans or single family MBS which are either newly originated or refinanced, so long as all such loans are eligible to be financed on a tax exempt basis under applicable federal income tax law (“eligible loans”);

(ii) to refund, as fixed rate bonds, any of the Authority’s variable rate debt (including, but not limited to, auction rate securities issued and outstanding on or prior to October 19, 2009 or refund an issue that did so, so long as such debt was, in turn, issued to acquire and finance the holding of eligible loans; the use of proceeds for such a refunding purpose shall be limited to 30% of the net proceeds of the Program Bonds); the restrictions on refundings herein shall not apply to either (A) the use of proceeds to repay ‘warehouse credit lines’ used to acquire mortgage loans and MBS or (B) ‘replacement

refundings' where proceeds of Program Bonds are exchanged dollar for dollar for unexpended tax exempt bond proceeds and/or mortgage loan prepayments so long as all proceeds of related Market Bonds are exchanged first for such purpose; and

(iii) to fund reasonably required reserves and pay costs of issuance of the Program Bonds in accordance with the requirements and limitations of applicable federal tax law.

The proceeds of the Program Bonds shall not be used for essential governmental functions within the meaning of Section 115 of the Code or qualified veterans mortgage bonds under Section 143 of the Code, or by Section 501(c)(3) organizations.

(b) **Taxable Bonds.** Proceeds of Program Bonds issued as taxable bonds hereunder may not be released from the Escrow Fund unless and until there is delivered to the Trustee and the GSEs the opinion of Bond Counsel required pursuant to Section 2.3(b) hereof.

ARTICLE IV

SPECIAL GSE RIGHTS

Section 4.1 Removal of Trustee. No successor Trustee under the Indenture shall be appointed under the Indenture without written notice to the Notice Parties at the Notice Parties' Addresses and without the prior written consent of the GSEs, which consent shall not be unreasonably withheld.

Section 4.2 GSEs as Third Party Beneficiaries. Each GSE is intended to be and shall be a third party beneficiary of this Appendix and the Indenture, and each GSE shall have the right (but not the obligation) to enforce, separately or jointly with the Trustee or cause the Trustee to enforce, the provisions of this Appendix.

ARTICLE V

COVENANTS

Section 5.1 Special Authority Covenants. The Authority hereby covenants that, so long as the Program Bonds are Outstanding, it shall:

(a) if any Program Bonds are not issued on a tax-exempt basis, use its reasonable best efforts to obtain Volume Cap allocations as needed for such Program Bonds on or prior to the Escrow Release Termination Date;

(b) not permit the aggregate principal amount of the Program Bonds issued hereunder to exceed the Single Family Program Bond Limit;

(c) not allow the aggregate principal amount of Market Bonds and Program Bonds to exceed the reasonable expectations requirement applicable to tax exempt mortgage revenue bonds;

(d) not issue new Bonds under the Indenture in a variable rate demand, adjustable rate or auction rate mode other than Program Bonds during the period such Program Bonds bear interest at the Short Term Rate;

(e) take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Program Bonds and all other Bonds issued under the Indenture shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Indenture;

(f) not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Indenture except under the following circumstances and within the following limits:

(i) the Authority may withdraw cash from the Indenture to pay ordinary and customary administrative and operating expenses of the Authority, ordinary and customary operating expenses of any of the indentures of the Authority (such as, for example, fees and payments due on an interest rate swap entered into by the Authority) and to fund or reimburse the cost of programs sponsored by the Authority, subject to each of the following requirements:

(A) either:

(1) the cumulative amount of such withdrawals does not exceed the cumulative withdrawals as projected to the date of such withdrawal in the cash flows most recently submitted to the rating agencies in connection with the then current long term rating of the Program Bonds; or

(2) prior to and as a condition to such withdrawal, the Authority obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the proposed withdrawal will not adversely affect such ratings; and

(B) prior to and as a condition to such withdrawal, the Authority provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(i) have been met with respect to such withdrawal.

In spite of anything to the contrary contained in this paragraph (f)(i), no withdrawals whatsoever shall be made under this paragraph (f)(i) during any period when any of the ratings on the Program Bonds are below the level of "Baa3" or "BBB-" or has been suspended or withdrawn;

(ii) the Authority may withdraw cash or other assets from the Indenture for any purpose of the Authority other than as set out in paragraph (f)(i) above, subject to each of the following requirements:

(A) prior to and as a condition to such withdrawal, the Authority obtains and furnishes to the Administrator and to Treasury's Financial Agent a confirmation from each of the rating agencies maintaining ratings on the Program Bonds that the rating on the Program Bonds will be not less than [specify exact rating of the Program Bonds as of the issue date] with a rating outlook that is either "stable" or "positive" or the equivalent;

(B) the cash or other assets withdrawn from the lien of the Indenture pursuant to this paragraph (f)(ii) are retained by the Authority within its funds and accounts or are expended to further the mission or otherwise for the benefit of the Authority; and

(C) prior to and as a condition of such withdrawal, the Authority provides a written certification to the Administrator and to Treasury's Financial Agent specifying the amount and purpose of the withdrawal and that all requirements of this paragraph (f)(ii) have been met with respect to such withdrawal.

(g) with respect to the purchase, origination, enforcement and servicing of mortgage loans and MBS, the Authority shall:

(i) originate or cause to be originated, and, if applicable, purchased, mortgage loans and purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Indenture and any supplements thereto, and such other related documents by which the Authority is bound,

(ii) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Authority, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable,

(iii) except as otherwise permitted by Treasury or the GSEs, diligently take all steps necessary or desirable to enforce all terms of the mortgage loans, MBS, loan program documents and all such other documents evidencing obligations to the Authority, and

(iv) diligently take all actions consistent with sound mortgage loan origination, purchase and servicing practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Program Bonds;

(h) not issue any bonds senior in priority to the Program Bonds and the Authority represents and warrants that the Program Bonds are at least equal in priority with respect to payment and security to the most senior Outstanding Bonds under the Indenture.

Section 5.2 Covenants Regarding Administration of Indenture and Program Bonds. The Authority hereby covenants, so long as the Program Bonds remain Outstanding, that it shall:

(a) not amend, supplement or otherwise modify in any material respect the Indenture, this Appendix or any other Related Document without the prior written consent of the GSEs; provided, however, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of Bonds pursuant to the Indenture, except as provided in Section 5.1(d) hereof. With respect to Indenture amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling;

(b) not permit any funds invested under the Indenture to be invested in obligations, securities or other investments of a type not included within the categories permitted for such purposes in the Indenture;

(c) not enter into any Hedge relating to bonds issued under, or secured by revenues or other assets pledged under, the Indenture without the prior written consent of the GSEs;

(d) not permit any swap termination fees to be payable on a basis senior to or on a parity with the Program Bonds;

(e) not permit any principal payment, principal prepayments and other recoveries of principal received with respect to that portion of any mortgage loans financed with the proceeds of Program Bonds to be recycled into new mortgage loans; and

(f) not permit the Indenture to fail to meet the definition of a “Primarily Single Family Indenture.”

Section 5.3 Reporting Requirements.

(a) ***Books and Records; GAAP.*** The Authority shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Authority in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) ***Information Reporting.*** The Authority agrees to furnish to the GSEs a copy of each of the following for each period after and including the third calendar quarter of 2010:

(i) *Periodic Reports and Related Certifications:*

(A) **Authority Financial Statements.**

(1) ***Annual Authority Financial Statements with Audit.*** On the earlier of (i) 180 days after the end of each fiscal year of the Authority and (ii) the day such information is first made available to the general public, the financial statements of the Authority consisting of a balance sheet of the Authority as of the end of such period, a statement of operations, a statement of cash flows of the Authority for such period and a statement of the changes in net assets of the Authority for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by an audit report of the Authority’s auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied.

(2) ***Interim Authority Financial Statements.***

(a) For any quarter, semi-annual period or other interim portion of a fiscal year for which the Authority produces a full or partial financial statement (such as a balance sheet or income statement), or a financial report that is materially similar to a full or partial financial statement (“Interim Financial Statement”), a copy of that Interim Financial Statement. This paragraph (2) is intended to apply to such time or times when the Authority produces such information generally in the form of a financial statement, whether it does so now or at any time or times in the future. This paragraph (2) does not require the presentation of such information in a particular form, or require the Interim Financial

Statements to include particular items or to be audited or to conform to any set of financial accounting rules. Interim Financial Statements shall be due not later than 30 days after they are prepared.

(b) If the Authority does not prepare an Interim Financial Statement for a quarter, semi-annual period or other interim portion of a fiscal year, it shall provide the certification to that effect required by subsection (B)(3) below on a quarterly basis.

(c) If the Authority prepares one or more reports of financial information regarding itself quarterly, semi-annually or for some other interim portion of its fiscal year (“Interim Report”), but does not believe that the Interim Report constitutes an Interim Financial Statement or that the Authority may not legally provide a copy of the Interim Report to the GSEs, the Authority shall promptly and candidly discuss the related issues with the GSEs. The GSEs agree to conduct such discussion and to consider the Authority’s concerns and limitations in a fair and reasonable manner. The Authority and the GSEs agree to reach a mutual agreement regarding the provision of Interim Reports to the GSEs in a fair and reasonable manner which balances the interests and concerns of the parties.

(B) Additional Items to Accompany Financial Statements.

Simultaneously with the delivery of each set of the financial statements referred to in subsection (A) above (or should Subsection (A)(2)(b) above apply, within 30 days of the close of each of its financial quarters, a certificate of the Authority in the form of Exhibit D:

(1) stating that the Authority is in material compliance with all covenants set forth in the Indenture;

(2) stating whether there exists on the date of such certificate any default or Event of Default under any of the Related Documents and, if so, the details thereof and the action which the Authority is taking or proposes to take with respect thereto; and

(3) if subsection (A)(2)(b) above applies, stating that the Authority does not prepare an Interim Financial Statement for such quarter, or for a semi-annual period or other interim portion of its fiscal year containing such quarter.

(C) Indenture Financial Statements.

(1) Annual Indenture Financial Statements with Audit. On the earlier of (i) 180 days after the end of each fiscal year of the Authority and (ii) the day such information is first made available to the general public, the financial statements of the Authority specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a balance sheet, a statement of operations and a statement of the changes in net assets under the Indenture for such period. The financial statements shall be:

(a) set forth in reasonable detail and

(b) incorporated as supplemental schedules to the Authority's annual financial statements with a report from the Authority's auditor or nationally recognized independent certified public accountants stating that such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and in their opinion (except as noted therein) are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

(2) Quarterly Indenture Financial Statements. On the earlier of (i) 90 days after the end of each of the first three quarters of each fiscal year of the Authority and (ii) the day such information is first made available to the general public, the financial statements of the Authority specific to the Indenture pursuant to which Program Bonds are outstanding consisting of a balance sheet, a statement of operations and a statement of the changes in net assets under the Indenture for such period. The financial statements shall be set forth in reasonable detail.

(D) **Quarterly Trial Balance of Funds and Accounts.** Not later than 90 days after the end of each quarter of each fiscal year of the Authority or the Indenture, a report:

(1) specific to the Indenture pursuant to which Program Bonds are outstanding, setting forth amounts held in each of the funds and accounts under the Indenture and providing reasonable detail as to how the monies are invested; and

(2) which is either prepared by the Trustee (such as a trustee payment date report or trustee statement) or certified as true and correct by the Authority.

(E) **Portfolio Performance Data.**

(1) Not later than 15 days after the end of each calendar month, the relevant loan portfolio performance data specified in the attached Exhibit E under the heading "Monthly Single Family Indenture Reporting Requirements," for all single family loans held within the trust estate of the Indenture; and

(2) Not later than 15 days after the end of each calendar quarter or immediately if 5% or more of the outstanding mortgage loan balance has payment defaults (and thereafter on a monthly basis), the relevant loan portfolio performance data specified in the attached Exhibit F under the headings "Policy Outcome Metrics – Single Family NIBP" for loans acquired, refinanced or originated, as the case may be, with the proceeds of Program Bonds.

(ii) Certifications:

(A) **Cash Flow Certificates.** Not later than 30 days after issuance, a copy of each cash flow certificate issued by the Authority pursuant to the Indenture pursuant to which Program Bonds are outstanding.

(B) **Withdrawal Certificates under Section 5.1(f)(i) Hereof.** Prior to and as a condition to any withdrawal pursuant to Section 5.1(f)(i), the written certification required by Section 5.1(f)(i)(B) hereof in the form as Exhibit G.

(C) **Withdrawal Certificates under Section 5.1(f)(ii) Hereof.** Prior to and as a condition to any withdrawal pursuant to Section 5.1(f)(ii), the written certification required by Section 5.1(f)(ii)I hereof in the form as Exhibit G.

(iii) *Other Information:*

(A) **Rating Agency Presentations.** Not later than 30 days after submission, copies of all material, written materials presented by the Authority to a Rating Agency with respect to (i) any bonds issued under the Indenture or (ii) a rating of the Authority (rather than a rating of any bonds issued under an indenture of the Authority).

(B) **Rating Agency Actions.** Not later than 30 days after receipt by the Authority, copies of each **rating** letter, report or other rating action relative to the Authority, the Program Bonds or any other bonds issued under the Indenture received from a Rating Agency.

(C) **Housing Goals Data.** In a timely manner, at the request of a GSE, any data or information required by a GSE for use in calculating performance under the Federal Housing Finance Agency's housing goals regulations or for use in complying with any other regulatory or legal requirement.

(D) **Official Statements and Other Offering Documents.** Not later than 30 days after issuance, each Official Statement, Remarketing Circular, Offering Circular or other similar disclosure document issued by the Authority with respect to bonds or other debt issued and payable from the Revenues under the Indenture pursuant to which Program Bonds are outstanding.

(E) **Information Statements and Similar Secondary Market Disclosures.** Not later than 90 days after the end of each quarter of each fiscal year of the Authority, any information statement or other similar disclosures describing the financial condition or performance of the Authority prepared by the Authority and released to the general public during such quarter.

(F) **Additional Information.** In a timely manner, at the reasonable request of a GSE, such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Authority, the Indenture or the Program Bonds (including, without limitation, loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

(C) **Events.**

(i) *Event Filings:* On the day such information is first made available to the general public or would have been made available to the general public if a continuing disclosure agreement with respect to the Program Bonds had been entered into pursuant to Rule 15c2-12 ("Continuing Disclosure Agreement"), the Authority agrees to furnish to the GSEs a copy of each "Event Filing" (as that term is defined below) which was or would have been filed pursuant to the

Continuing Disclosure Agreement. As used in this Section, the term “Event Filing” means the event notices which would be required to be provided pursuant to a Continuing Disclosure Agreement conforming to the requirements of Rule 15c2-12, as such Rule is amended, restated or replaced by the Securities and Exchange Commission from time to time.

(ii) *Notices of Other Events.* If and to the extent that any of the following are not addressed in an Event Filing provided pursuant to Subsection (i) (and without regard to whether any such event is material for purposes of Rule 15c2-12), the Authority agrees to promptly inform each GSE in writing if:

(A) **Default.** An Event of Default or other event which upon the giving of notice, the lapse of time or both, would be an Event of Default under any Related Document, has occurred specifying the details thereof and the action which the Authority is taking or proposes to take with respect to such event.

(B) **Hedge Collateral.** A material increase occurs in the collateralization requirements applicable to the Authority under any of the documents evidencing a Hedge.

(C) **Termination Payment under Hedge.** The Authority receives any demand for or pays a termination payment under a Hedge.

(D) **Certain Resignations and Removals.** The Authority receives any notice of resignation issued by the Trustee for an issue of Program Bonds or gives any notice of removal of such Trustee.

(E) **Performance Failure.** The Trustee fails to perform its duties and obligations under any relevant Related Documents.

(F) **Adverse Developments.** Any litigation, administrative or other proceeding, legislation, business, or other development occurs which has or may have a material and adverse affect on the business of the Authority or the ability of the Authority to perform its duties and obligations under the Related Documents.

(G) **Downgrades and Negative Outlook.** A Rating Agency downgrades the Authority, the Program Bonds or any other bonds issued under the Indenture or places any such rating on negative outlook.

(H) **Counterparties.**

(1) The Authority receives notice to the effect that (A) a material change has occurred to a counterparty then providing a financial service to the Indenture or to the Authority with respect to the Indenture (including, but not limited to, each Person providing a guaranteed investment contract, credit facility, liquidity facility, interest rate swap or interest rate cap) (each a “Counterparty”), (B) a material change in exposure to a Counterparty has occurred, (C) a ratings downgrade, withdrawal of rating or suspension of rating has occurred to or with respect to a Counterparty or (D) an event of default or other event which upon the giving of notice, the lapse of time or both, would be an event of default under any Hedge, has occurred; the Authority shall provide

details on the actions it is taking or proposes to take with respect to any such change, rating action or event; or

(2) the Authority determines that any of the events enumerated in (1) has occurred to a Counterparty.

(I) **Supplements and Amendments to Indenture.** The adoption of any amendment or supplement to the Indenture, any of the other Related Documents (including any replacement or new Related Document) and the Official Statement relative to the Program Bonds. The Authority shall also provide a complete copy of each such amendment, supplement, replacement or new Related Document to each GSE.

(J) **Unscheduled Draws.** Any unscheduled draw is made on a debt service reserve or credit enhancement for any of the bonds issued under the Indenture.

(K) **Defeasance.** Any bond issued under the Indenture is defeased.

(L) **Property Securing Repayment of Program Bonds.** Any material property or other asset securing repayment of any of the Program Bonds is released, substituted or sold.

(d) **Placement Agreement Reporting Requirements.** The reporting requirements set forth in Exhibit E and Exhibit E-1 of the Placement Agreement are hereby superseded by the reporting requirements set forth in this Section 5.3.

(e) **Method of Providing Information, Certificates and Notices.** All information, certificates and notices required to be given pursuant to this Section 5.3 shall be provided electronically to the GSEs by sending such information, certificates and notices to HFAReporting@SSgA.com or in such other form and to such other address as the GSEs may require from time to time.

Section 5.4 Covenant Enforcement by GSEs. Only the GSEs may enforce, or cause the Trustee to enforce, the provisions of Sections 5.1, 5.2 and 5.3 hereof.

Section 5.5 Special Notices.

(a) **Request to Withdraw Indenture Funds.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any request by the Authority to withdraw funds from the Indenture.

(b) **Events of Default.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of any default or Event of Default under the Indenture, of which the Trustee has knowledge.

(c) **Exercise of Remedies.** The Trustee shall immediately deliver to the Notice Parties at the Notice Parties' Addresses notice of the exercise of any remedies under the Indenture.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Notices. Unless otherwise specified in this Appendix, all notices, requests or other communications to or upon the Notice Parties or referred to in this Appendix shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or four (4) days after the same is deposited in the mails, first class postage prepaid, and (ii) in the case of notice by telecopier or e mail, when sent, receipt confirmed, addressed to the Notice Parties as follows or at such other address as any of the Notice Parties may designate by written notice to the Authority and the Trustee:

To Administrator: U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Structured Finance/HFA Program
E mail: usbhfa@usbank.com

To Fannie Mae: Fannie Mae
3900 Wisconsin Avenue, N.W.
Washington, D.C. 20016
Attention: Carl W. Riedy, Jr.
Vice President for Public Entities
Channel, Housing and Community
Development
E mail: Carl_W_Riedy@fanniemae.com

and

Attention: Barbara Ann Frouman
Vice President and Deputy General
Counsel, Housing and Community
Development
E mail: Barbara_Ann_Frouman@fanniemae.com

For all notices pursuant to Section 5.3 hereof:

E-mail: HFAReporting@SSgA.com

To Freddie Mac: Freddie Mac
1551 Park Run Drive
Mail Stop D4F
McLean, Virginia 22102
Attention: Mark D. Hanson
Vice President Mortgage Funding
E mail: Mark_Hanson@freddiemac.com

and

Attention: Joshua L. Schonfeld
Associate General Counsel
Email: Joshua_Schonfeld@freddiemac.com

For all notices pursuant to Section 5.3 hereof:

E mail: HFAReporting@SSgA.com

To Treasury's
Financial Agent:

JPMorgan Chase Bank, N.A.
1 Chase Manhattan Plaza, Floor 19
New York, New York 10005
Attention: Jacqueline M. Savage
Phone: (212) 552-2392
Fax: (212) 552-0551
E mail: jpm.hfa@jpmorgan.com

For all notices pursuant to Section 5.3(c)(i) and (ii)(A),(E),(G) and (J),
and 5.5(b) and (c) hereof:

Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220
Attention: Fiscal Assistant Secretary
Re: Housing Finance Agencies Initiative

and

Attention: Assistant General Counsel
(Banking and Finance)
Re: Housing Finance Agencies Initiative

Section 6.2 Appendix to Control. To the extent that any provisions of this Appendix are inconsistent with any provisions of the Indenture or the Supplemental Indenture under which the Program Bonds are issued, this Appendix shall control with respect to the Program Bonds.

Section 6.3 Termination. This Appendix shall continue in full force and effect so long as the Program Bonds remain Outstanding and shall terminate when Program Bonds are no longer Outstanding.

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APPENDIX B

FORM OF APPROVING OPINION OF BOND COUNSEL FOR THE OFFERED BONDS

Upon the issuance of the Offered Bonds, Ballard Spahr LLP, Bond Counsel, proposes to issue an approving opinion with respect to the Offered Bonds in substantially the following form:

We have acted as bond counsel to the New Mexico Mortgage Finance Authority (the "Authority") in connection with the issuance by the Authority of its Single Family Mortgage Program Class I Bonds, 2016 Series B in the aggregate principal amount of \$24,595,000 (the "Offered Bonds"). The Authority is a public body politic and corporate created by and existing under the Mortgage Finance Authority Act, Sections 58-18-1 through 58-18-27 inclusive, and Section 2-12-5, New Mexico Statutes Annotated 1978, as amended (the "Act"). The Offered Bonds are authorized to be issued under and secured by a General Indenture of Trust dated as of December 1, 2009, as heretofore amended and supplemented, and a 2016 Series B Indenture, dated as of August 1, 2016 (collectively, the "Indenture") between the Authority and Zions Bank, a division of ZB, National Association as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

In such connection, we have reviewed the Indenture, an opinion of counsel to the Authority, certificates of the Authority, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the Authority. We have not undertaken to verify independently, and have assumed, accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture. We call attention to the fact that the rights and obligations under the Offered Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Offered Bonds and express no opinion with respect thereto.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, it is our opinion that:

1. The Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico, and has lawful authority to issue the Offered Bonds.
2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Authority. The Indenture creates a valid pledge to secure the payment of the principal of and interest on the Bonds (in the order of priority among classes as set forth therein) of the Revenues and any other amounts (including proceeds of the sale of the Offered Bonds) held by the Trustee in any fund

or account established pursuant to the Indenture (except for moneys in any Rebate Account and the Rebate Requirement to be deposited in any Rebate Account, moneys in any Bond Purchase Fund and any Authority Payment Account) and of the rights and interests of the Authority in and to the related Mortgage Certificates, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Offered Bonds constitute the valid and binding special obligations of the Authority, payable solely from the Revenues and other assets pledged therefor under the Indenture, and do not constitute a debt or liability of the State of New Mexico or any political subdivision thereof.

4. Interest on the Offered Bonds is taxable as ordinary income for federal income tax purposes.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Offered Bonds is excludable from net income of the owners thereof for State of New Mexico income tax purposes.

We express no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds.

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APPENDIX C

THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM

This summary of the GNMA Mortgage Backed Securities Program, the GNMA Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage Backed Securities Guide published by GNMA and to said documents for full and complete statements of their provisions. The following summary is of the GNMA I Program and the GNMA II Program.

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

To issue GNMA Certificates, the Master Servicers must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the “MBS Agreement”). The MBS Agreement authorizes the Master Servicers to apply to GNMA for the issuance of Mortgage-Backed Securities to be eligible for guaranty by GNMA up to a stated date and issue GNMA Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each GNMA Certificate is to be backed by a mortgage pool consisting of Mortgage Loans in a minimum aggregate amount of \$500,000 (or such lesser amount as may be approved by GNMA). Each GNMA I Certificate will be a “mortgage loan pass-through” certificate which will require the Master Servicers to pass through to the paying and transfer agent therefor (the “GNMA Paying Agent”) by the fifteenth day of each month (or the sixteenth day, if such day is not a business day, provided that, if neither the fifteenth nor the sixteenth day is a business day, then the first business day prior to the fifteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Master Servicers’ servicing fee, more fully described herein), whether or not the Master Servicers receive such payments, plus any prepayments of principal of the Mortgage Loans received by the Master Servicers in the previous month. Each GNMA II Certificate will require the Master Servicers to pass through to the central paying and transfer agent for the GNMA II Program, by the nineteenth day of each month (or the twentieth day, if such day is not a business day; provided that, if neither the nineteenth nor the twentieth day is a business day, then the first business day prior to the nineteenth day of the month), the regular monthly payments on the Mortgage Loans (less the GNMA Guaranty Fee and the Mortgage Lender’s servicing fee, more fully described herein), whether or not the Master Servicers received such payments, plus any prepayments on the Mortgage Loan received by the Master Servicers in the previous month. The GNMA Paying Agent is then required to pass through to the Trustee on or before the third business day following the nineteenth day of each month the scheduled payments received from the Master Servicers. GNMA guarantees timely payment of principal of and interest with respect to the GNMA Certificate.

GNMA is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool of mortgage loans insured by FHA under the Housing Act, or guaranteed by RHS under Title V of the Housing Act of 1949, or guaranteed by VA under the Servicemen’s Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) further provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States, states that such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee

on behalf of the Authority are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA, upon execution of the GNMA Guaranty appended to the GNMA Certificate, and upon delivery of the GNMA Certificate to the Master Servicers, will have guaranteed to the Trustee as holder of the GNMA Certificate the timely payment of principal of and interest on the GNMA Certificate. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury Department in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Certificate. The Treasury is authorized to purchase any obligation so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA is required to warrant to the Trustee as the holder of the GNMA Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the GNMA Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the National Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicers will be responsible for servicing and otherwise administering the Mortgage Loans in accordance with generally accepted practices of the mortgage banking industry and the GNMA Mortgage Backed Securities Guide (the “Guide”).

The monthly remuneration of the Master Servicers for their servicing and administrative functions, and the Guaranty Fee charged by GNMA are based on the total aggregate unpaid principal balance of Mortgage Loans outstanding. The GNMA Certificates carry an interest rate that is fixed at .50% below the interest rate on the Mortgage Loans; the Master Servicers’ servicing fee and the GNMA Guaranty Fee are deducted from payments on the Mortgage Loans before payments are passed through to the holder of the GNMA Certificates.

It is expected that interest and principal payments on the Mortgage Loans received by the Master Servicers will be the source of payments on the GNMA Certificates. If such payments are less than what is due, the Master Servicers are obligated to advance their own funds to ensure timely payment of all amounts coming due on the GNMA Certificates. GNMA guarantees such timely payment in the event of the failure of the Master Servicers to pay an amount equal to the scheduled payments (whether or not made).

The Master Servicers are required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

The GNMA Guaranty Agreement to be entered into by GNMA and the Master Servicers upon issuance of the GNMA Certificates (the “GNMA Guaranty Agreement”) will provide that, in the event of a default by the Master Servicers, GNMA will have the right, by letter to the Master Servicers, to effect and complete the extinguishment of the Master Servicers’ interest in the Mortgage Loans, and the Mortgage Loans are to thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder of the GNMA Certificate. In such event, the GNMA Guaranty Agreement will provide that GNMA will be the successor in all respects to the Master Servicers in their capacity under

the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, GNMA may enter into an agreement with an institution approved by GNMA under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor.

Payment of principal and interest on the GNMA Certificate is required to be made in monthly installments on or before the third business day following the twentieth of each month commencing the month following the date of issue of the GNMA Certificate.

Each installment on the GNMA Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the GNMA Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the GNMA Certificate. The amount of principal due on the GNMA Certificate is to be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans subject to adjustment by reason of unscheduled recoveries of principal on the Mortgage Loans. In any event, the Master Servicers are required to pay to the Trustee, as holder of the GNMA Certificate, monthly installments of not less than the interest due on the GNMA Certificate at the rate specified in the GNMA Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagor, and any prepayments or early recovery of principal. Final payment is to be made upon surrender of the outstanding GNMA Certificate.

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APPENDIX D

THE FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

Mortgage-Backed Securities Program

Federal National Mortgage Association (“Fannie Mae”) is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. Section 1716 *et seq.*). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market, and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency (“FHFA”) appointed FHFA as conservator of Fannie Mae. The Authority cannot predict the consequences of the conservatorship and the impact it may have on the Authority’s Single Family Program.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury of the United States has discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency or instrumentality thereof is obligated to finance Fannie Mae’s obligations or assist Fannie Mae in any manner.

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae Issue securities backed by pools of mortgage loans (the “MBS Program”). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the MBS Program are governed by the Fannie Mae Selling and Servicing Guides (the “Fannie Mae Guides”), published by Fannie Mae, as modified by the Pool Purchase Contract (defined below), and, in the case of mortgage loans such as the Mortgage Loans exchanged with Fannie Mae, a Trust Indenture dated as of November 1, 1981, as amended (the “Trust Indenture”), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”), which is updated from time to time.

Copies of the Fannie Mae Prospectus are available from Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, D.C. 20016 (telephone: (800) 237-8627). Information on Fannie Mae and its financial condition is contained in Fannie Mae’s most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC’s website at www.sec.gov. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae’s website at www.fanniemae.com. The Authority takes no responsibility for information contained on the websites.

The summary of the MBS Program set forth herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Guides, the Fannie Mae Prospectus and the other documents referred to herein.

Pool Purchase Contract

It is expected that Fannie Mae and the Master Servicers will enter into a Pool Purchase Contract, pursuant to which the Master Servicers will be permitted to deliver, and Fannie Mae will agree to purchase Mortgage Loans in exchange for Fannie Mae Securities. The purpose of the Pool Purchase Contract is to provide for certain additions, deletions and changes to the Fannie Mae Guides relating to the purchase of Mortgage Loans. In the event of a conflict between the Pool Purchase Contract and the Fannie Mae Guides, the Pool Purchase Contract will control. The description set forth below assumes that the Pool Purchase Contract will be executed substantially in the form presented by Fannie Mae to the Master Servicers as of the date hereof.

Under the Pool Purchase Contract, Fannie Mae will purchase both Mortgage Loans eligible under the guidelines set forth in the Fannie Mae Guides and Mortgage Loans insured under the Community Home Buyer's Program which conform to the conditions set forth in the Pool Purchase Contract. The Pool Purchase Contract obligates the Master Servicers to service the Mortgage Loans in accordance with the requirements of the Fannie Mae Guides and the Pool Purchase Contract.

Fannie Mae Certificates

Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the Master Servicers and identified in records maintained by Fannie Mae.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable "pass-through rate" on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received. The obligations of Fannie Mae under such guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to the Trustee, as the holder of Fannie Mae Certificates would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, monthly distributions to the Trustee, as the holder of Fannie Mae Certificates and payments on the Bonds, would be affected by delinquent payments and defaults on such Mortgage Loans.

Payments on Existing Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a business day, on the first business day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the second month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election any Mortgage Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase such Mortgage Loan under certain other circumstances as permitted by the Trust Indenture) (iii) the amount of any partial prepayment of a Mortgage Loan received in the second month next preceding the month of distribution, and (iv) one month's interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered

holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distribution, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such Mortgage Loan has been received, whether or not such full amount is equal to the stated principal balance of the Mortgage Loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

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APPENDIX E

THE FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM

General

The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Certificates and Freddie Mac's mortgage purchase and servicing standards does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's Information Statement, any Information Statement Supplements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing or calling Freddie Mac's Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-FMPC). The Authority does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificates Offering Circular, Information Statement or Supplements. On September 6, 2008, Director James Lockhart of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac. The Authority cannot predict the consequences of the conservatorship and the impact it may have on the Authority's Single Family Program.

Information on Freddie Mac and its financial condition is contained in Freddie Mac's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the SEC. The SEC filings are available at the SEC's website at www.sec.gov. The periodic reports filed by Freddie Mac with the SEC are also available on Freddie Mac's website at www.freddiemac.com. The Authority takes no responsibility for information contained on the websites.

Freddie Mac

The Federal Home Loan Mortgage Corporation ("Freddie Mac") is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and under served areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac Certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and services are HUD-approved mortgagees or FDIC-insured financial institutions.

Freddie Mac Certificates

Freddie Mac Certificates will be mortgage pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. Freddie Mac Certificates are issued only in book-entry form through the Federal Reserve Banks' book-entry system. Each Freddie Mac Certificate represents an undivided interest in a pool of mortgages. Payments by borrowers on the mortgages in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Certificates representing interests in that pool.

Payments on Freddie Mac Certificates begin on or about the fifteenth day of the first month following issuance. Each month, Freddie Mac passes through to record holders of Freddie Mac Certificates their proportionate share of principal payments on the mortgages in the related pool and one month's interest at the applicable pass-through rate. The pass-through rate for an Freddie Mac Certificate is determined by subtracting from the lowest interest rate on any of the mortgages in the pool the applicable servicing fee and Freddie Mac's management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac's Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Certificates plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of an Freddie Mac Certificate the timely payment of interest at the applicable pass-through rate on the principal balance of the holder's Freddie Mac Certificate. Freddie Mac also guarantees to each holder of an Freddie Mac Certificate (i) the timely payment of the holder's proportionate share of monthly principal due on the related mortgages, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder's proportionate share of all principal of the related mortgages, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Certificate is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Certificates would consist solely of payment and other recoveries on the related mortgage; accordingly, delinquencies and defaults on the mortgages would affect distributions on the Freddie Mac Certificates and could adversely affect payments on the Bonds.

Mortgage Purchase and Servicing Standards

All mortgages purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage and the creditworthiness of the borrower. Freddie Mac's administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgages, the

loan-to value ratio and age of the mortgages, the type of property securing the mortgages and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgages it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgages in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance of guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors services' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage and when to initiate such measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each Series or Issue and maturity of the Offered Bonds, each in the aggregate principal amount of such maturity, and will be deposited with or held for the account of DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

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

Principal and interest payments on the Offered Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC, by Zions Bank, a division of ZB, National Association (formerly known as Zions First National Bank) (the "Paying Agent" and the "Bond Registrar"). DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

So long as Cede & Co. or its registered assign is the registered owner of the Offered Bonds, the Authority and the Paying Agent will be entitled to treat Cede & Co., or its registered assign, as the absolute owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Authority or the Paying Agent and the Authority and the Paying Agent will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Offered Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and neither the Authority nor the Paying Agent has responsibility for distributing such notices to the Beneficial Owners.

The Paying Agent does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Offered Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Offered Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Offered Bonds.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to the Authority and the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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APPENDIX G

FORM OF THE CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the New Mexico Mortgage Finance Authority (the “Authority”) and Zions Bank, a Division of ZB, National Association (formerly known as Zions First National Bank), (the “Trustee”) in connection with the issuance of \$24,595,000 New Mexico Mortgage Finance Authority Single Family Mortgage Program Class I Bonds, 2016 Series B (the “Bonds”). The Bonds are being issued pursuant to a General Indenture of Trust, dated December 1, 2009 and a 2016 Series B Indenture, dated as of August 1, 2016 between the Authority and the Trustee (collectively, the “Indenture”). The Authority and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the hereinafter described Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement and not defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Deputy Director of Finance and Administration of the Authority or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access system located on the MSRB website at emma.msrb.org.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, phone (703) 797-6600, fax (703) 797-6700.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean EMMA and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Bond Disclosure Reports.

(a) The Authority shall provide or cause to provide, or shall cause the Dissemination Agent to provide or cause to provide, not later than six months after the end of the Authority’s fiscal year (which six month date currently would be March 31), commencing with the report for the fiscal year ending September 30, 2016, to each Repository an Annual Bond Disclosure Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Bond Disclosure Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that, if the audited financial statements of the Authority are not available by that date, they may be submitted when available separately from the balance of the Annual Bond Disclosure Report. If the Authority’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Bond Disclosure Report to each Repository, the Authority shall provide the Annual Bond Disclosure Report to the Dissemination Agent with a copy to the Trustee (if the Trustee is not the Dissemination Agent). If by the due date under (a) above the Dissemination Agent (or the Trustee if the Dissemination Agent is the Authority) has not received a copy of the Annual Bond Disclosure Report, nor the Authority Certificate specified in 3(d)(2) below, the Dissemination Agent (or the Trustee if the Dissemination Agent is the Authority) shall notify the Authority that it had not received the Annual Bond Disclosure Report described under subsection (a) above.

(c) If the Dissemination Agent (or the Trustee if the Dissemination Agent is the Authority) has not received the Authority Certificate specified in 3(d)(2) below certifying that the Annual Bond Disclosure Report has been provided to each Repository by the date required in subsection (a) above, the Dissemination Agent (or the Trustee if the Dissemination Agent is the Authority) shall send a notice to the MSRB and each State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Bond Disclosure Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

SECTION 4. Content of Annual Bond Disclosure Reports. The Authority’s Annual Bond Disclosure Report shall contain or incorporate by reference the following:

(a) The audited financial statements for the Authority for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Authority.

(b) Tables setting forth with respect to the Bonds, the following information, as of the end of such fiscal year:

(i) For each maturity of the Bonds, the interest rate, original aggregate principal amount and the principal amount remaining Outstanding.

- (ii) During the acquisition period for Mortgage Certificates, the principal amount of Mortgage Loans expected to be financed, the total principal amount of Mortgage Loans approved, the total principal amount of Mortgage Loans purchased, and the unreserved amount. This information will not be provided after the acquisition period.
- (iii) The amounts credited to the subaccounts of the Acquisition Account, the Revenue Account, the Negative Arbitrage Account, the Debt Service Fund and the Redemption Fund.
- (iv) The aggregate principal amount of each type (i.e., GNMA, Fannie Mae, Freddie Mac) of Mortgage Certificates purchased, the aggregate principal balance of each type of Mortgage Certificate remaining outstanding, and, if there is more than one pass-through rate on the Mortgage Certificates, the aggregate principal balance of Mortgage Certificates at each pass-through rate remaining outstanding.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement or remarketing statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference. The Authority shall make all its Annual Bond Disclosure Reports and any notices of Listed Events available in electronic format that satisfies the requirements of the MSRB and the Rule.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, each of which shall be considered a Listed Event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;

- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority;

Note to paragraph (xii): For the purposes of the event identified in subparagraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If a Listed Event described in paragraph (ii), (vii), (viii) (but only with respect to bond calls under (viii)), (x), (xiii) or (xiv) above has occurred and the Authority has determined that such Listed Event is material under applicable federal securities laws, the Authority shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence with EMMA.

(c) If a Listed Event described in paragraph (i), (iii), (iv), (v), (vi), (viii) (but only with respect to tender offers under (viii)), (ix), (xi) or (xii) above has occurred the Authority shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event.

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If

at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent. The initial Dissemination Agent shall be the Authority.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall not unreasonably withhold its consent to any amendment so requested by the Authority), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type, or in the case of a change of accounting principles, on the presentation of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Trustee may be made without its consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Authority or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of the Outstanding Bonds, shall), or any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate to cause the Authority or Trustee, as the case may be, to comply with its obligations under this Disclosure

Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement 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.

SECTION 14. Trustee Duties. The Trustee will perform only the duties set forth in this Disclosure Agreement and will not prepare any of the required reports. The Trustee will cooperate in furnishing information to the Authority.

Date: _____, 2016.

NEW MEXICO MORTGAGE FINANCE
AUTHORITY

By _____
Authorized Officer

ZIONS BANK, Trustee

By _____
Authorized Officer

EXHIBIT "A"

NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL BOND DISCLOSURE REPORT

Name of Authority: New Mexico Mortgage Finance Authority

Name of Bond Issue: Single Family Mortgage Program Class I Bonds, 2016 Series B

Date of Issuance: August 31, 2016

NOTICE IS HEREBY GIVEN that the New Mexico Mortgage Finance Authority has not provided an Annual Bond Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated August __, 2016 between the Authority and Zions Bank, as trustee. [The Authority anticipates that the Annual Bond Disclosure Report will be filed by _____.]

Dated: _____

ZIONS BANK,
Trustee, on behalf of the New Mexico Mortgage
Finance Authority

cc: New Mexico Mortgage Finance Authority

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APPENDIX H

EXISTING MORTGAGE CERTIFICATES

The data contained in this Appendix is available electronically upon request from JPMS through and including the date of delivery of the Offered Bonds. JPMS can be reached at (212) 834-7155.

CUSIP GNMA CERTIFICATES	MORTGAGE LOAN RATE (%)	PASS- THROUGH RATE (%)	ORIGINAL PRINCIPAL AMOUNT (\$)	PRINCIPAL OUTSTANDING (AS OF JULY 31, 2016) ¹ (\$)	PERCENTAGE OF PRINCIPAL PAYMENTS ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS ²	TOTAL PRINCIPAL AMOUNT ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS (\$)
36230KKQ3	5.625	5.125	730,806.00	180,759.92	100.00000%	180,759.92
3620AXU63	5.250	4.750	150,546.00	135,328.01	100.00000%	135,328.01
3620AX4B1	5.250	4.750	1,674,921.00	992,677.20	100.00000%	992,677.20
3620C3PU0	5.600	5.100	151,779.00	137,834.31	100.00000%	137,834.31
3620C3PV8	5.700	5.200	353,337.00	215,895.29	100.00000%	215,895.29
3620C3PW6	5.750	5.250	166,025.00	150,966.25	100.00000%	150,966.25
3620C3PX4	5.210	4.710	113,208.00	102,011.40	100.00000%	102,011.40
3620C3PZ9	5.240	4.740	72,392.00	64,664.53	100.00000%	64,664.53
3620C3P22	5.740	5.240	423,457.00	177,669.80	100.00000%	177,669.80
3620C3P48	5.250	4.750	3,630,697.00	2,249,026.62	100.00000%	2,249,026.62
3620C3P55	5.500	5.000	6,513,396.00	1,942,850.28	100.00000%	1,942,850.28
3620C3P63	5.625	5.125	624,286.00	177,929.55	100.00000%	177,929.55
3620C3P71	5.875	5.375	1,344,007.00	363,431.48	100.00000%	363,431.48
3620C3WH1	5.240	4.740	171,121.00	62,527.61	100.00000%	62,527.61
3620C3WJ7	5.740	5.240	425,378.00	386,725.65	100.00000%	386,725.65
3620C3WK4	4.625	4.125	125,150.00	112,086.05	100.00000%	112,086.05
3620C3WM0	4.875	4.375	710,549.00	421,671.82	100.00000%	421,671.82
3620C3WN8	5.500	5.000	2,349,421.00	686,073.83	100.00000%	686,073.83
3620C3WP3	5.625	5.125	939,422.00	552,757.79	100.00000%	552,757.79
3620C3WQ1	5.875	5.375	1,136,669.00	278,998.10	100.00000%	278,998.10
3620C3W32	5.250	4.750	335,545.00	199,755.03	100.00000%	199,755.03
3620C3W40	5.250	4.750	968,637.00	638,080.76	100.00000%	638,080.76
3620C3W57	5.250	4.750	103,604.00	92,937.40	100.00000%	92,937.40
36230KKE0	5.750	5.250	420,318.00	244,585.00	100.00000%	244,585.00
36230KKF7	5.240	4.740	140,704.00	127,371.85	100.00000%	127,371.85
36230KKG5	4.375	3.875	873,863.00	555,736.20	100.00000%	555,736.20
36230KKH3	4.625	4.125	370,278.00	332,118.91	100.00000%	332,118.91
36230KKJ9	4.875	4.375	2,752,953.00	1,513,064.37	100.00000%	1,513,064.37
36230KKK6	4.875	4.375	373,556.00	978,824.36	100.00000%	978,824.36

CUSIP	MORTGAGE LOAN RATE (%)	PASS- THROUGH RATE (%)	ORIGINAL PRINCIPAL AMOUNT (\$)	PRINCIPAL OUTSTANDING (AS OF JULY 31, 2016) (\$)	PERCENTAGE OF PRINCIPAL PAYMENTS ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS	TOTAL PRINCIPAL AMOUNT ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS (\$)
GNMA CERTIFICATES						
36230KKL4	5.250	4.750	1,172,216.00	295,410.37	100.00000%	295,410.37
36230KKM2	5.250	4.750	924,506.00	600,996.81	100.00000%	600,996.81
36230KKP5	5.500	5.000	935,236.00	161,542.91	100.00000%	161,542.91
36230PYW4	4.375	3.875	777,317.00	401,327.08	100.00000%	401,327.08
36230PYX2	4.625	4.125	265,892.00	238,788.48	100.00000%	238,788.48
36230PYY0	4.875	4.375	147,051.00	132,656.40	100.00000%	132,656.40
36230PYZ7	4.875	4.375	1,758,806.00	860,884.20	100.00000%	860,884.20
36230PY38	5.250	4.750	170,641.00	126,928.20	100.00000%	126,928.20
36230PY46	5.250	4.750	1,567,546.00	761,615.74	100.00000%	761,615.74
36230PY53	5.500	5.000	248,162.00	225,871.39	100.00000%	225,871.39
36230QDW5	4.000	3.500	748,801.00	419,163.71	100.00000%	419,163.71
36230QDX3	4.375	3.875	1,246,796.00	867,468.20	100.00000%	867,468.20
36230QDY1	4.625	4.125	1,221,610.00	67,536.87	100.00000%	567,536.87
36230QD21	4.875	4.375	2,062,983.00	1,147,717.90	100.00000%	1,147,717.90
36230QD39	5.000	4.500	931,183.00	593,004.43	100.00000%	593,004.43
36230QD47	5.250	4.750	754,935.00	435,464.48	100.00000%	435,464.48
36230QD70	5.250	4.750	63,353.00	56,251.93	100.00000%	56,251.93
36230QNB0	4.000	3.500	3,357,571.00	2,727,336.66	100.00000%	2,727,336.66
36230QNC8	4.375	3.875	493,997.00	107,680.77	100.00000%	107,680.77
36230QND6	4.625	4.125	81,087.00	73,137.96	100.00000%	73,137.96
36230QNE4	4.625	4.125	1,549,359.00	995,593.35	100.00000%	995,593.35
36230QNF1	4.875	4.375	963,700.00	658,009.52	100.00000%	658,009.52
36230QNG9	5.000	4.500	2,103,579.00	649,618.07	100.00000%	649,618.07
36230QNJ3	5.250	4.750	108,558.00	98,926.00	100.00000%	98,926.00
36176A6E4	4.625	4.125	1,550,527.00	1,004,566.97	100.00000%	1,004,566.97
36176A6F1	4.750	4.250	559,326.00	407,208.92	100.00000%	407,208.92
36176A6G9	5.000	4.500	1,203,108.00	810,295.42	100.00000%	810,295.42
3620C3P30 ³	4.875	4.375	5,695,305.00	3,050,300.11	50.00000%	1,525,150.06
3620C3WL2 ³	4.875	4.375	4,508,994.00	2,736,798.79	50.00000%	1,368,399.40
36176A6H7 ³	4.000	3.500	2,978,640.00	1,992,593.99	50.00000%	996,297.00
36176BJK4 ³	4.125	3.625	1,824,043.00	761,320.03	50.00000%	380,660.02
36176BJP3 ³	4.750	4.250	3,186,180.00	2,060,211.52	50.00000%	1,030,105.76
36176BJT5 ³	5.250	4.750	2,365,001.00	1,103,543.92	50.00000%	551,771.96
TOTAL GNMA CERTIFICATES	4.918	4.418				35,351,746.29

CUSIP	MORTGAGE LOAN RATE (%)	PASS THROUGH RATE (%)	ORIGINAL PRINCIPAL AMOUNT (\$)	PRINCIPAL OUTSTANDING (AS OF JULY 31, 2016 (\$))	PERCENTAGE OF PRINCIPAL PAYMENTS ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS	TOTAL PRINCIPAL AMOUNT ALLOCABLE TO 2016B BONDS AND 2010A MARKET BONDS (\$)
FANNIE MAE CERTIFICATES						
31419DAH4	4.875	4.375	662,608.00	449,684.37	100.00000%	449,684.37
31419DAJ0	5.250	4.750	409,676.00	214,823.76	100.00000%	214,823.76
31419DAK7	5.500	5.000	319,573.00	72,090.26	100.00000%	272,090.26
31419FHK5	4.875	4.375	86,985.00	67,506.12	100.00000%	67,506.12
31419KNK7	4.875	4.375	124,746.00	12,584.99	100.00000%	112,584.99
3138A4RG2	4.000	3.500	107,887.00	96,432.75	100.00000%	96,432.75
TOTAL FANNIE MAE CERTIFICATES	5.012	4.512				1,213,122.25
Total 2009 GSE Series A / 2010 Series A Mortgage Certificate Principal Allocated to 2016B Bonds and 2010A Market Bonds	4.921	4.421				36,564,868.54

^[1] As of July 2016 factors published by Bloomberg on July 7, 2016.

^[2] Certain of the 2009 GSE Series A / 2010 Series A Mortgage Certificates were also financed in part from proceeds of other Authority bonds. With respect to such Guaranteed Mortgage Securities (shown in this column by a percentage less than 100%), for each principal repayment, only the percentage shown will be allocated to the payment of the 2016 Series B Bonds and the 2010 Series A Market Bonds.

^[3] 0% of the interest paid with respect to such 2009 GSE Series A / 2010 Series A Mortgage Certificates will be allocated to the payment of the 2016 Series B Bonds and the 2010 Series A Market Bonds.

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APPENDIX I

DEBT SERVICE SCHEDULE FOR THE RELATED MARKET BONDS

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**2010 Series A Market Bonds
Mandatory Sinking Fund and Scheduled Maturities***

Redemption Date	<u>Amount</u>
9/1/2016	\$400,000
3/1/2017	410,000
9/1/2017	420,000
3/1/2018	435,000
9/1/2018	445,000
3/1/2019	450,000
9/1/2019	465,000
3/1/2020	485,000
9/1/2020	505,000
3/1/2021	510,000
9/1/2021	525,000
3/1/2022	545,000
9/1/2022	570,000
3/1/2023	580,000
9/1/2023	595,000
3/1/2024	610,000
9/1/2024	625,000
3/1/2025	650,000
9/1/2025	655,000
3/1/2026	435,000
9/1/2026	450,000
3/1/2027	455,000
9/1/2027	475,000
3/1/2028	370,000
9/1/2028	<u>50,000</u>
TOTAL	\$12,115,000

* Balances shown are as of August 1, 2016 following redemptions to occur on such date.

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APPENDIX J

OFFERED BONDS REDEMPTION TABLE

The data contained in this Appendix J is available electronically upon request from JPMS through and including the date of delivery of the Offered Bonds. JPMS can be reached at (212) 834-7155.

OFFERED BONDS REDEMPTION TABLE											
Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA (Last 12 Months)	154% PSA (Since Issuance)	200% PSA	300% PSA	400% PSA	500% PSA
10/1/2016	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000	\$ 165,000	\$ 310,000
11/1/2016	0	0	15,000	45,000	70,000	80,000	135,000	185,000	350,000	480,000	620,000
12/1/2016	0	15,000	55,000	80,000	110,000	115,000	170,000	225,000	345,000	475,000	600,000
1/1/2017	0	25,000	60,000	80,000	110,000	120,000	175,000	225,000	340,000	455,000	580,000
2/1/2017	0	30,000	50,000	80,000	110,000	115,000	165,000	220,000	330,000	445,000	560,000
3/1/2017	0	25,000	55,000	85,000	110,000	120,000	170,000	220,000	325,000	435,000	540,000
4/1/2017	0	30,000	50,000	80,000	105,000	110,000	160,000	210,000	325,000	425,000	535,000
5/1/2017	0	25,000	50,000	85,000	110,000	110,000	165,000	210,000	310,000	415,000	510,000
6/1/2017	0	30,000	55,000	75,000	100,000	110,000	160,000	205,000	310,000	405,000	495,000
7/1/2017	0	25,000	50,000	80,000	105,000	115,000	160,000	205,000	300,000	395,000	480,000
8/1/2017	0	30,000	55,000	80,000	105,000	110,000	155,000	200,000	300,000	385,000	465,000
9/1/2017	0	25,000	50,000	80,000	105,000	110,000	160,000	205,000	290,000	370,000	450,000
10/1/2017	0	30,000	50,000	75,000	100,000	105,000	155,000	195,000	295,000	375,000	445,000
11/1/2017	0	25,000	55,000	80,000	105,000	110,000	155,000	195,000	280,000	360,000	425,000
12/1/2017	0	30,000	50,000	75,000	100,000	105,000	150,000	195,000	280,000	355,000	415,000
1/1/2018	0	25,000	50,000	75,000	100,000	110,000	150,000	195,000	270,000	340,000	400,000
2/1/2018	0	25,000	50,000	70,000	95,000	105,000	150,000	185,000	270,000	335,000	390,000
3/1/2018	0	25,000	55,000	75,000	100,000	105,000	150,000	185,000	260,000	325,000	375,000
4/1/2018	0	25,000	45,000	70,000	95,000	105,000	145,000	185,000	265,000	325,000	370,000
5/1/2018	0	25,000	50,000	75,000	100,000	100,000	145,000	185,000	255,000	310,000	355,000
6/1/2018	0	25,000	50,000	70,000	95,000	100,000	140,000	180,000	250,000	305,000	350,000
7/1/2018	0	25,000	55,000	75,000	95,000	100,000	140,000	180,000	245,000	295,000	335,000
8/1/2018	0	25,000	45,000	70,000	95,000	100,000	140,000	175,000	240,000	295,000	325,000
9/1/2018	0	25,000	50,000	75,000	95,000	95,000	135,000	175,000	235,000	280,000	310,000

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
10/1/2018	0	25,000	45,000	70,000	90,000	100,000	135,000	170,000	235,000	280,000	310,000
11/1/2018	0	25,000	50,000	70,000	90,000	95,000	135,000	175,000	230,000	270,000	300,000
12/1/2018	0	30,000	45,000	70,000	90,000	95,000	135,000	165,000	225,000	265,000	295,000
1/1/2019	0	25,000	45,000	70,000	90,000	95,000	135,000	165,000	220,000	260,000	280,000
2/1/2019	0	25,000	45,000	70,000	90,000	95,000	130,000	160,000	215,000	255,000	275,000
3/1/2019	0	25,000	50,000	70,000	90,000	95,000	130,000	165,000	210,000	245,000	260,000
4/1/2019	0	25,000	45,000	65,000	85,000	90,000	130,000	155,000	210,000	240,000	265,000
5/1/2019	0	20,000	45,000	65,000	90,000	95,000	125,000	155,000	205,000	235,000	250,000
6/1/2019	0	25,000	45,000	65,000	85,000	90,000	125,000	155,000	205,000	230,000	245,000
7/1/2019	0	20,000	45,000	65,000	85,000	90,000	125,000	150,000	195,000	225,000	235,000
8/1/2019	0	20,000	45,000	65,000	80,000	85,000	120,000	150,000	195,000	220,000	230,000
9/1/2019	0	25,000	45,000	70,000	80,000	90,000	120,000	150,000	190,000	210,000	220,000
10/1/2019	0	25,000	45,000	60,000	80,000	85,000	120,000	145,000	190,000	210,000	220,000
11/1/2019	0	20,000	45,000	60,000	85,000	85,000	120,000	145,000	185,000	205,000	210,000
12/1/2019	0	25,000	40,000	60,000	80,000	85,000	115,000	145,000	180,000	205,000	205,000
1/1/2020	0	20,000	45,000	65,000	85,000	85,000	115,000	145,000	180,000	195,000	265,000
2/1/2020	0	20,000	40,000	60,000	75,000	85,000	115,000	140,000	175,000	190,000	320,000
3/1/2020	0	20,000	45,000	60,000	80,000	85,000	115,000	140,000	170,000	185,000	310,000
4/1/2020	0	20,000	40,000	60,000	75,000	80,000	110,000	135,000	175,000	185,000	300,000
5/1/2020	0	20,000	40,000	60,000	75,000	85,000	115,000	135,000	165,000	180,000	295,000
6/1/2020	0	25,000	40,000	60,000	75,000	80,000	110,000	130,000	165,000	180,000	285,000
7/1/2020	0	20,000	40,000	60,000	75,000	85,000	115,000	135,000	160,000	170,000	280,000
8/1/2020	0	20,000	40,000	55,000	75,000	75,000	105,000	130,000	160,000	170,000	265,000
9/1/2020	0	20,000	45,000	60,000	75,000	80,000	105,000	125,000	155,000	215,000	260,000
10/1/2020	0	0	0	0	0	0	0	5,000	105,000	275,000	250,000
11/1/2020	0	0	0	0	0	0	80,000	155,000	165,000	270,000	245,000
12/1/2020	0	0	0	20,000	90,000	110,000	140,000	150,000	165,000	260,000	235,000
1/1/2021	0	0	55,000	105,000	120,000	120,000	135,000	150,000	160,000	260,000	230,000
2/1/2021	0	55,000	90,000	100,000	115,000	120,000	135,000	150,000	160,000	250,000	220,000
3/1/2021	0	70,000	85,000	105,000	120,000	120,000	135,000	145,000	150,000	240,000	215,000
4/1/2021	0	0	0	0	0	0	0	20,000	125,000	240,000	205,000
5/1/2021	0	0	0	0	0	0	90,000	140,000	145,000	230,000	200,000
6/1/2021	0	0	0	15,000	90,000	110,000	130,000	140,000	150,000	225,000	195,000
7/1/2021	0	0	50,000	105,000	110,000	120,000	130,000	145,000	140,000	225,000	190,000
8/1/2021	0	50,000	85,000	100,000	110,000	110,000	130,000	135,000	205,000	215,000	185,000

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
9/1/2021	0	70,000	90,000	105,000	115,000	115,000	130,000	140,000	230,000	210,000	175,000
10/1/2021	0	0	0	0	0	0	0	40,000	230,000	200,000	170,000
11/1/2021	0	0	0	0	0	0	95,000	135,000	220,000	200,000	170,000
12/1/2021	0	0	0	10,000	85,000	110,000	130,000	130,000	215,000	195,000	160,000
1/1/2022	0	0	30,000	100,000	110,000	110,000	120,000	130,000	215,000	190,000	155,000
2/1/2022	0	40,000	90,000	95,000	110,000	115,000	125,000	125,000	210,000	185,000	150,000
3/1/2022	0	70,000	85,000	100,000	110,000	110,000	120,000	130,000	205,000	185,000	145,000
4/1/2022	0	0	0	0	0	0	0	65,000	205,000	175,000	145,000
5/1/2022	0	0	0	0	0	10,000	115,000	130,000	200,000	170,000	135,000
6/1/2022	0	0	0	10,000	95,000	105,000	115,000	120,000	195,000	170,000	135,000
7/1/2022	0	0	20,000	100,000	105,000	105,000	120,000	120,000	190,000	160,000	125,000
8/1/2022	0	25,000	85,000	95,000	105,000	105,000	115,000	120,000	190,000	160,000	125,000
9/1/2022	0	70,000	85,000	95,000	105,000	105,000	120,000	120,000	185,000	160,000	120,000
10/1/2022	0	0	0	0	0	0	20,000	100,000	180,000	150,000	120,000
11/1/2022	0	0	0	0	5,000	25,000	110,000	160,000	175,000	145,000	110,000
12/1/2022	0	0	0	20,000	105,000	105,000	110,000	190,000	175,000	145,000	110,000
1/1/2023	0	0	5,000	100,000	100,000	100,000	110,000	190,000	175,000	145,000	110,000
2/1/2023	0	25,000	85,000	90,000	105,000	105,000	110,000	180,000	165,000	135,000	100,000
3/1/2023	0	70,000	80,000	95,000	100,000	100,000	110,000	185,000	165,000	135,000	100,000
4/1/2023	0	0	0	0	0	0	60,000	180,000	165,000	130,000	95,000
5/1/2023	0	0	0	0	30,000	50,000	105,000	180,000	160,000	125,000	95,000
6/1/2023	0	0	0	35,000	95,000	100,000	105,000	175,000	155,000	125,000	90,000
7/1/2023	0	0	0	90,000	95,000	100,000	105,000	175,000	155,000	120,000	90,000
8/1/2023	0	15,000	80,000	90,000	100,000	100,000	150,000	170,000	150,000	120,000	80,000
9/1/2023	0	70,000	80,000	90,000	95,000	100,000	175,000	170,000	145,000	115,000	85,000
10/1/2023	0	0	0	0	0	0	170,000	170,000	145,000	115,000	80,000
11/1/2023	0	0	0	0	65,000	90,000	170,000	165,000	145,000	105,000	75,000
12/1/2023	0	0	0	60,000	95,000	100,000	165,000	160,000	140,000	110,000	75,000
1/1/2024	0	0	10,000	90,000	95,000	95,000	165,000	165,000	135,000	105,000	70,000
2/1/2024	0	5,000	85,000	90,000	95,000	100,000	165,000	160,000	135,000	100,000	70,000
3/1/2024	0	70,000	80,000	90,000	95,000	95,000	160,000	155,000	135,000	100,000	70,000
4/1/2024	0	0	0	0	30,000	60,000	160,000	155,000	130,000	95,000	65,000
5/1/2024	0	0	0	15,000	90,000	100,000	160,000	155,000	125,000	95,000	65,000
6/1/2024	0	0	0	90,000	95,000	160,000	160,000	155,000	125,000	90,000	60,000
7/1/2024	0	0	35,000	85,000	115,000	150,000	155,000	150,000	125,000	90,000	60,000

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
8/1/2024	0	5,000	80,000	90,000	155,000	160,000	155,000	145,000	120,000	90,000	55,000
9/1/2024	0	70,000	80,000	85,000	150,000	150,000	150,000	150,000	120,000	85,000	60,000
10/1/2024	0	0	0	5,000	150,000	150,000	155,000	140,000	115,000	80,000	50,000
11/1/2024	0	0	0	85,000	150,000	150,000	150,000	145,000	115,000	80,000	55,000
12/1/2024	0	0	0	115,000	150,000	150,000	150,000	140,000	110,000	80,000	50,000
1/1/2025	0	0	75,000	140,000	145,000	150,000	145,000	140,000	110,000	75,000	50,000
2/1/2025	0	0	80,000	145,000	150,000	150,000	145,000	140,000	110,000	75,000	45,000
3/1/2025	0	60,000	80,000	145,000	145,000	145,000	145,000	135,000	105,000	75,000	45,000
4/1/2025	0	0	0	140,000	145,000	145,000	145,000	135,000	100,000	70,000	45,000
5/1/2025	0	0	80,000	145,000	145,000	145,000	145,000	130,000	105,000	70,000	45,000
6/1/2025	0	0	130,000	140,000	145,000	145,000	140,000	135,000	100,000	70,000	40,000
7/1/2025	0	0	135,000	140,000	145,000	145,000	140,000	130,000	95,000	65,000	40,000
8/1/2025	0	0	130,000	140,000	140,000	140,000	135,000	125,000	100,000	65,000	40,000
9/1/2025	0	60,000	135,000	135,000	140,000	145,000	140,000	125,000	95,000	60,000	35,000
10/1/2025	0	20,000	135,000	140,000	145,000	140,000	135,000	125,000	90,000	60,000	40,000
11/1/2025	0	75,000	130,000	140,000	140,000	140,000	135,000	125,000	90,000	60,000	35,000
12/1/2025	0	75,000	135,000	135,000	135,000	140,000	130,000	120,000	90,000	60,000	35,000
1/1/2026	0	70,000	130,000	140,000	140,000	135,000	135,000	120,000	90,000	55,000	30,000
2/1/2026	55,000	75,000	130,000	135,000	140,000	140,000	130,000	120,000	85,000	55,000	35,000
3/1/2026	60,000	70,000	135,000	135,000	135,000	135,000	130,000	120,000	85,000	55,000	30,000
4/1/2026	0	110,000	130,000	135,000	135,000	135,000	130,000	115,000	80,000	55,000	30,000
5/1/2026	0	120,000	130,000	135,000	135,000	135,000	125,000	115,000	80,000	50,000	30,000
6/1/2026	5,000	125,000	130,000	135,000	135,000	135,000	125,000	110,000	80,000	50,000	25,000
7/1/2026	65,000	120,000	135,000	135,000	135,000	135,000	125,000	115,000	80,000	45,000	30,000
8/1/2026	65,000	125,000	130,000	135,000	135,000	130,000	125,000	110,000	75,000	50,000	25,000
9/1/2026	65,000	125,000	130,000	135,000	130,000	130,000	120,000	105,000	75,000	45,000	25,000
10/1/2026	0	125,000	130,000	130,000	130,000	135,000	125,000	110,000	75,000	45,000	25,000
11/1/2026	0	120,000	130,000	130,000	130,000	130,000	120,000	105,000	75,000	45,000	25,000
12/1/2026	55,000	125,000	130,000	135,000	135,000	125,000	115,000	105,000	70,000	40,000	20,000
1/1/2027	65,000	125,000	130,000	130,000	125,000	130,000	120,000	105,000	70,000	45,000	25,000
2/1/2027	70,000	120,000	125,000	130,000	130,000	130,000	115,000	100,000	65,000	40,000	20,000
3/1/2027	65,000	125,000	130,000	130,000	130,000	125,000	115,000	100,000	70,000	40,000	20,000
4/1/2027	0	125,000	130,000	130,000	125,000	125,000	115,000	100,000	65,000	35,000	20,000
5/1/2027	65,000	125,000	130,000	130,000	125,000	125,000	115,000	100,000	65,000	40,000	20,000
6/1/2027	110,000	125,000	130,000	130,000	130,000	125,000	110,000	100,000	60,000	35,000	20,000

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
7/1/2027	120,000	120,000	125,000	125,000	125,000	125,000	115,000	95,000	65,000	35,000	20,000
8/1/2027	110,000	125,000	130,000	130,000	120,000	120,000	110,000	95,000	60,000	35,000	15,000
9/1/2027	120,000	125,000	125,000	125,000	125,000	125,000	110,000	90,000	60,000	35,000	20,000
10/1/2027	115,000	125,000	130,000	130,000	125,000	120,000	105,000	95,000	60,000	30,000	15,000
11/1/2027	115,000	125,000	130,000	125,000	120,000	120,000	110,000	90,000	55,000	35,000	15,000
12/1/2027	120,000	125,000	125,000	125,000	125,000	120,000	105,000	90,000	60,000	30,000	15,000
1/1/2028	115,000	125,000	125,000	125,000	120,000	120,000	105,000	90,000	55,000	30,000	15,000
2/1/2028	120,000	125,000	130,000	125,000	120,000	120,000	105,000	85,000	50,000	30,000	15,000
3/1/2028	120,000	125,000	125,000	125,000	120,000	115,000	100,000	90,000	55,000	30,000	15,000
4/1/2028	115,000	125,000	130,000	125,000	115,000	120,000	105,000	85,000	50,000	25,000	15,000
5/1/2028	120,000	125,000	125,000	125,000	120,000	115,000	100,000	85,000	55,000	30,000	10,000
6/1/2028	120,000	125,000	125,000	120,000	120,000	115,000	100,000	85,000	50,000	25,000	15,000
7/1/2028	125,000	130,000	125,000	125,000	115,000	115,000	100,000	80,000	50,000	25,000	10,000
8/1/2028	120,000	125,000	125,000	120,000	115,000	115,000	100,000	80,000	45,000	25,000	5,000
9/1/2028	120,000	125,000	130,000	125,000	115,000	115,000	95,000	80,000	50,000	25,000	0
10/1/2028	120,000	125,000	125,000	120,000	115,000	110,000	95,000	80,000	45,000	25,000	0
11/1/2028	125,000	130,000	125,000	120,000	115,000	115,000	95,000	80,000	45,000	25,000	0
12/1/2028	125,000	125,000	125,000	120,000	115,000	110,000	95,000	75,000	45,000	20,000	0
1/1/2029	120,000	125,000	125,000	120,000	110,000	110,000	95,000	80,000	45,000	25,000	0
2/1/2029	125,000	125,000	125,000	120,000	115,000	110,000	95,000	75,000	40,000	20,000	0
3/1/2029	125,000	130,000	125,000	120,000	110,000	110,000	90,000	75,000	45,000	20,000	0
4/1/2029	125,000	125,000	120,000	120,000	110,000	105,000	90,000	70,000	40,000	20,000	0
5/1/2029	125,000	130,000	125,000	115,000	110,000	110,000	90,000	75,000	40,000	20,000	0
6/1/2029	125,000	125,000	125,000	120,000	110,000	105,000	90,000	70,000	40,000	20,000	0
7/1/2029	130,000	130,000	125,000	115,000	110,000	110,000	90,000	70,000	40,000	20,000	0
8/1/2029	125,000	125,000	125,000	120,000	110,000	105,000	85,000	70,000	35,000	20,000	0
9/1/2029	130,000	130,000	120,000	115,000	105,000	105,000	90,000	70,000	40,000	15,000	0
10/1/2029	125,000	125,000	125,000	115,000	110,000	105,000	85,000	65,000	35,000	20,000	0
11/1/2029	130,000	130,000	125,000	115,000	105,000	105,000	85,000	70,000	35,000	15,000	0
12/1/2029	130,000	125,000	120,000	120,000	105,000	100,000	85,000	65,000	40,000	20,000	0
1/1/2030	130,000	130,000	125,000	115,000	105,000	105,000	80,000	65,000	30,000	15,000	0
2/1/2030	130,000	130,000	120,000	110,000	105,000	100,000	85,000	65,000	35,000	15,000	0
3/1/2030	130,000	125,000	125,000	115,000	105,000	105,000	80,000	65,000	35,000	15,000	0
4/1/2030	135,000	130,000	120,000	115,000	105,000	100,000	80,000	60,000	30,000	15,000	0
5/1/2030	130,000	130,000	125,000	115,000	105,000	100,000	80,000	65,000	35,000	15,000	0

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
6/1/2030	130,000	130,000	120,000	110,000	100,000	100,000	80,000	60,000	30,000	15,000	0
7/1/2030	135,000	125,000	120,000	115,000	100,000	95,000	80,000	60,000	30,000	10,000	0
8/1/2030	135,000	130,000	125,000	110,000	105,000	100,000	75,000	60,000	30,000	15,000	0
9/1/2030	135,000	130,000	120,000	110,000	100,000	100,000	80,000	60,000	30,000	15,000	0
10/1/2030	130,000	130,000	120,000	110,000	100,000	95,000	75,000	55,000	30,000	10,000	0
11/1/2030	140,000	130,000	120,000	115,000	100,000	95,000	75,000	60,000	25,000	15,000	0
12/1/2030	135,000	130,000	120,000	110,000	100,000	95,000	75,000	55,000	30,000	10,000	0
1/1/2031	135,000	130,000	125,000	110,000	95,000	95,000	75,000	55,000	25,000	10,000	0
2/1/2031	135,000	130,000	120,000	105,000	100,000	95,000	75,000	55,000	30,000	5,000	0
3/1/2031	140,000	130,000	120,000	110,000	95,000	95,000	70,000	55,000	25,000	0	0
4/1/2031	135,000	130,000	120,000	110,000	100,000	95,000	75,000	55,000	25,000	0	0
5/1/2031	140,000	130,000	120,000	110,000	95,000	90,000	70,000	55,000	25,000	0	0
6/1/2031	140,000	130,000	120,000	105,000	95,000	95,000	70,000	50,000	25,000	0	0
7/1/2031	140,000	130,000	120,000	110,000	95,000	90,000	70,000	50,000	25,000	0	0
8/1/2031	140,000	135,000	120,000	105,000	95,000	90,000	70,000	50,000	25,000	0	0
9/1/2031	140,000	130,000	120,000	110,000	95,000	90,000	65,000	50,000	20,000	0	0
10/1/2031	145,000	130,000	115,000	105,000	90,000	90,000	70,000	50,000	25,000	0	0
11/1/2031	140,000	130,000	120,000	105,000	95,000	90,000	65,000	50,000	20,000	0	0
12/1/2031	140,000	135,000	120,000	105,000	90,000	90,000	70,000	50,000	20,000	0	0
1/1/2032	145,000	130,000	120,000	105,000	95,000	90,000	65,000	45,000	25,000	0	0
2/1/2032	145,000	130,000	115,000	105,000	90,000	85,000	65,000	50,000	20,000	0	0
3/1/2032	145,000	135,000	120,000	105,000	90,000	85,000	65,000	45,000	20,000	0	0
4/1/2032	145,000	130,000	120,000	105,000	90,000	90,000	60,000	45,000	20,000	0	0
5/1/2032	145,000	135,000	115,000	100,000	90,000	85,000	65,000	45,000	20,000	0	0
6/1/2032	145,000	130,000	120,000	105,000	90,000	85,000	60,000	45,000	20,000	0	0
7/1/2032	145,000	135,000	115,000	105,000	90,000	85,000	65,000	45,000	15,000	0	0
8/1/2032	150,000	130,000	120,000	100,000	85,000	85,000	60,000	40,000	20,000	0	0
9/1/2032	150,000	135,000	115,000	105,000	90,000	85,000	60,000	45,000	20,000	0	0
10/1/2032	145,000	135,000	120,000	100,000	85,000	80,000	60,000	40,000	15,000	0	0
11/1/2032	150,000	130,000	115,000	100,000	90,000	85,000	60,000	45,000	20,000	0	0
12/1/2032	150,000	135,000	120,000	100,000	85,000	80,000	60,000	40,000	15,000	0	0
1/1/2033	150,000	135,000	115,000	105,000	85,000	85,000	55,000	40,000	15,000	0	0
2/1/2033	150,000	130,000	115,000	100,000	85,000	80,000	60,000	40,000	20,000	0	0
3/1/2033	155,000	135,000	120,000	100,000	85,000	80,000	55,000	40,000	15,000	0	0
4/1/2033	150,000	135,000	115,000	100,000	85,000	80,000	60,000	40,000	15,000	0	0

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
5/1/2033	155,000	135,000	115,000	95,000	80,000	80,000	55,000	35,000	15,000	0	0
6/1/2033	155,000	135,000	115,000	100,000	85,000	80,000	55,000	40,000	15,000	0	0
7/1/2033	150,000	135,000	120,000	100,000	85,000	75,000	55,000	35,000	15,000	0	0
8/1/2033	155,000	135,000	115,000	95,000	80,000	80,000	55,000	35,000	15,000	0	0
9/1/2033	155,000	135,000	115,000	100,000	80,000	80,000	50,000	40,000	15,000	0	0
10/1/2033	160,000	135,000	115,000	95,000	85,000	75,000	55,000	35,000	10,000	0	0
11/1/2033	155,000	135,000	115,000	100,000	80,000	75,000	50,000	35,000	15,000	0	0
12/1/2033	155,000	135,000	115,000	95,000	80,000	75,000	55,000	35,000	15,000	0	0
1/1/2034	160,000	135,000	115,000	95,000	80,000	80,000	50,000	35,000	10,000	0	0
2/1/2034	160,000	135,000	115,000	100,000	80,000	75,000	50,000	30,000	10,000	0	0
3/1/2034	160,000	140,000	115,000	95,000	75,000	75,000	50,000	35,000	0	0	0
4/1/2034	160,000	135,000	115,000	95,000	80,000	70,000	50,000	35,000	0	0	0
5/1/2034	160,000	135,000	115,000	95,000	80,000	75,000	50,000	30,000	0	0	0
6/1/2034	160,000	135,000	115,000	95,000	75,000	75,000	50,000	35,000	0	0	0
7/1/2034	165,000	140,000	115,000	95,000	80,000	70,000	50,000	30,000	0	0	0
8/1/2034	160,000	135,000	110,000	90,000	75,000	75,000	45,000	30,000	0	0	0
9/1/2034	165,000	140,000	115,000	95,000	75,000	70,000	50,000	30,000	0	0	0
10/1/2034	165,000	135,000	115,000	95,000	75,000	70,000	45,000	30,000	0	0	0
11/1/2034	160,000	140,000	115,000	90,000	75,000	70,000	45,000	30,000	0	0	0
12/1/2034	170,000	135,000	110,000	95,000	75,000	75,000	45,000	30,000	0	0	0
1/1/2035	165,000	140,000	115,000	90,000	75,000	70,000	50,000	30,000	0	0	0
2/1/2035	165,000	135,000	115,000	95,000	75,000	65,000	40,000	25,000	0	0	0
3/1/2035	170,000	140,000	110,000	90,000	75,000	70,000	45,000	30,000	0	0	0
4/1/2035	165,000	140,000	115,000	90,000	70,000	70,000	45,000	30,000	0	0	0
5/1/2035	170,000	135,000	110,000	90,000	75,000	65,000	45,000	25,000	0	0	0
6/1/2035	170,000	140,000	115,000	90,000	70,000	70,000	40,000	25,000	0	0	0
7/1/2035	170,000	140,000	110,000	90,000	70,000	65,000	45,000	30,000	0	0	0
8/1/2035	170,000	140,000	115,000	90,000	75,000	70,000	40,000	25,000	0	0	0
9/1/2035	170,000	135,000	110,000	90,000	70,000	65,000	45,000	25,000	0	0	0
10/1/2035	170,000	140,000	110,000	90,000	70,000	65,000	40,000	25,000	0	0	0
11/1/2035	175,000	140,000	115,000	90,000	70,000	65,000	40,000	25,000	0	0	0
12/1/2035	170,000	140,000	110,000	85,000	70,000	65,000	40,000	25,000	0	0	0
1/1/2036	175,000	140,000	110,000	90,000	70,000	65,000	40,000	25,000	0	0	0
2/1/2036	175,000	140,000	115,000	90,000	65,000	65,000	40,000	25,000	0	0	0
3/1/2036	175,000	140,000	110,000	85,000	70,000	65,000	40,000	20,000	0	0	0

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
4/1/2036	175,000	140,000	110,000	90,000	70,000	60,000	35,000	25,000	0	0	0
5/1/2036	180,000	140,000	110,000	85,000	65,000	65,000	40,000	25,000	0	0	0
6/1/2036	175,000	140,000	110,000	85,000	70,000	60,000	40,000	20,000	0	0	0
7/1/2036	180,000	145,000	115,000	90,000	65,000	65,000	35,000	25,000	0	0	0
8/1/2036	180,000	140,000	110,000	85,000	65,000	60,000	40,000	20,000	0	0	0
9/1/2036	180,000	140,000	110,000	85,000	65,000	60,000	35,000	20,000	0	0	0
10/1/2036	180,000	140,000	110,000	85,000	65,000	60,000	35,000	20,000	0	0	0
11/1/2036	180,000	145,000	110,000	85,000	65,000	60,000	35,000	25,000	0	0	0
12/1/2036	180,000	140,000	110,000	85,000	65,000	60,000	35,000	20,000	0	0	0
1/1/2037	185,000	145,000	110,000	85,000	65,000	60,000	35,000	20,000	0	0	0
2/1/2037	185,000	140,000	110,000	80,000	65,000	60,000	35,000	20,000	0	0	0
3/1/2037	180,000	145,000	110,000	85,000	65,000	60,000	35,000	15,000	0	0	0
4/1/2037	185,000	140,000	105,000	85,000	60,000	55,000	35,000	0	0	0	0
5/1/2037	185,000	140,000	110,000	80,000	65,000	60,000	30,000	0	0	0	0
6/1/2037	185,000	145,000	110,000	85,000	60,000	55,000	35,000	0	0	0	0
7/1/2037	185,000	140,000	105,000	80,000	60,000	60,000	30,000	0	0	0	0
8/1/2037	190,000	145,000	110,000	85,000	65,000	55,000	35,000	0	0	0	0
9/1/2037	185,000	140,000	110,000	80,000	60,000	55,000	30,000	0	0	0	0
10/1/2037	190,000	145,000	105,000	80,000	60,000	60,000	35,000	0	0	0	0
11/1/2037	190,000	145,000	110,000	80,000	60,000	55,000	30,000	0	0	0	0
12/1/2037	190,000	140,000	110,000	80,000	60,000	55,000	30,000	0	0	0	0
1/1/2038	190,000	145,000	105,000	80,000	60,000	55,000	30,000	0	0	0	0
2/1/2038	190,000	145,000	110,000	80,000	60,000	50,000	30,000	0	0	0	0
3/1/2038	190,000	145,000	105,000	80,000	60,000	55,000	30,000	0	0	0	0
4/1/2038	195,000	145,000	110,000	80,000	55,000	55,000	30,000	0	0	0	0
5/1/2038	195,000	145,000	105,000	80,000	60,000	55,000	30,000	0	0	0	0
6/1/2038	190,000	140,000	110,000	80,000	55,000	50,000	10,000	0	0	0	0
7/1/2038	195,000	145,000	105,000	75,000	60,000	50,000	0	0	0	0	0
8/1/2038	195,000	145,000	105,000	80,000	55,000	55,000	0	0	0	0	0
9/1/2038	195,000	145,000	105,000	80,000	55,000	50,000	0	0	0	0	0
10/1/2038	200,000	145,000	110,000	75,000	60,000	50,000	0	0	0	0	0
11/1/2038	195,000	145,000	105,000	75,000	55,000	55,000	0	0	0	0	0
12/1/2038	200,000	145,000	105,000	80,000	55,000	50,000	0	0	0	0	0
1/1/2039	200,000	145,000	105,000	75,000	55,000	50,000	0	0	0	0	0
2/1/2039	200,000	145,000	105,000	75,000	55,000	50,000	0	0	0	0	0

Date	0% PSA	25% PSA	50% PSA	75% PSA	100% PSA	107% PSA	154% PSA	200% PSA	300% PSA	400% PSA	500% PSA
3/1/2039	200,000	150,000	105,000	80,000	55,000	40,000	0	0	0	0	0
4/1/2039	200,000	145,000	105,000	75,000	50,000	0	0	0	0	0	0
5/1/2039	205,000	145,000	110,000	75,000	15,000	0	0	0	0	0	0
6/1/2039	200,000	145,000	100,000	75,000	0	0	0	0	0	0	0
7/1/2039	200,000	145,000	105,000	75,000	0	0	0	0	0	0	0
8/1/2039	205,000	145,000	105,000	50,000	0	0	0	0	0	0	0
9/1/2039	195,000	145,000	100,000	0	0	0	0	0	0	0	0
10/1/2039	200,000	140,000	100,000	0	0	0	0	0	0	0	0
11/1/2039	195,000	140,000	100,000	0	0	0	0	0	0	0	0
12/1/2039	200,000	140,000	5,000	0	0	0	0	0	0	0	0
1/1/2040	190,000	80,000	0	0	0	0	0	0	0	0	0
2/1/2040	<u>55,000</u>	<u>0</u>									
Total	<u>\$24,595,000</u>										

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