

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2024 Series A Bonds (including an original issue discount properly allocable to the owner of a 2024 Series A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2024 Series A Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the 2024 Series B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing laws of the State of New Mexico (the "State"), the Offered Bonds and the income therefrom are free from State taxation except for estate or gift taxes and taxes on transfers. See "TAX MATTERS" herein.*

**NEW MEXICO MORTGAGE FINANCE AUTHORITY****\$120,000,000****Single Family Mortgage Program Class I Bonds****\$96,000,000****2024 Series A****(Tax-Exempt) (Non-AMT)****\$24,000,000****2024 Series B****(Federally Taxable)****Dated: Date of Delivery****Due: As shown on inside cover**

The New Mexico Mortgage Finance Authority (the "Authority") is issuing the above-captioned bonds (the "Offered Bonds"), in the aggregate principal amount of \$120,000,000 pursuant to a General Indenture of Trust dated as of November 1, 2005, as heretofore amended and supplemented (the "General Indenture") and a 2024 Series AB Indenture dated as of February 1, 2024 (the "2024 Series AB Indenture"), each between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"), to finance certain mortgage loans under the single family mortgage programs 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. Interest on the Offered Bonds is payable by the Trustee to the registered owners thereof semiannually on March 1 and September 1 of each year, commencing September 1, 2024, at the rates set forth on the inside front cover hereof. Principal on the Offered Bonds is payable at maturity or earlier redemption upon surrender 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, redemption price and interest to DTC is the responsibility of the Trustee; disbursement of such payments to Direct 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 Direct Participants. See "APPENDIX F – BOOK-ENTRY SYSTEM" attached hereto.

Under the General Indenture, the Authority may issue additional series of bonds ("Additional Bonds") and other obligations related to bonds ("Auxiliary Obligations") upon satisfaction of the conditions set forth in the General Indenture. The General Indenture provides that Bonds (defined herein) and Auxiliary Obligations be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds and Auxiliary Obligations of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations of the same Class. The Offered Bonds are being 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 2024 Series AB Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of any Bonds, are referred to herein collectively as the "Indenture". See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE" attached hereto.

The proceeds of the Offered Bonds, together with any moneys made available upon the issuance of the Offered Bonds and other available funds, will be made available for use by the Trustee, on behalf of the Authority, to (a) purchase: (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"), (ii) mortgage loan pass-through certificates (the "Fannie Mae Certificates") issued and guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association ("Fannie Mae") and/or (iii) mortgage loan pass-through certificates (the "Freddie Mac Certificates") issued and guaranteed as to timely payment of principal and interest by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and (b) pay certain costs of issuing the Offered Bonds. The GNMA Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates are collectively referred to herein as "Mortgage Certificates". See "FINANCING PLAN" herein.

**The Offered Bonds are subject to redemption prior to maturity as more fully described herein. Any investor purchasing an Offered Bond at a price in excess of its principal amount should consider that such Offered Bond is subject to redemption without premium in certain cases as described herein. See "DESCRIPTION OF THE OFFERED BONDS" herein.**

**The Offered Bonds are special obligations of the Authority, payable solely from and secured solely by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Mortgage Certificates and the moneys and securities held in the Funds and Accounts created by the Indenture (other than the Rebate Account and amounts deposited therein). 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 Bonds outstanding from time to time, and all interest thereon, are secured on a parity basis.**

The Offered Bonds are not a debt of the United States of America, or any agency thereof, including GNMA, or of Fannie Mae or Freddie Mac, and are not guaranteed by the full faith and credit of the United States of America, GNMA, Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac 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 Underwriters, subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and for the Authority by Stelzner, Winter, Warburton, Flores & Dawes, P.A., Albuquerque, New Mexico. It is expected that the Offered Bonds will be available for delivery through the facilities of DTC in New York, New York on or about February 22, 2024.*

## MATURITY SCHEDULE

**\$96,000,000**

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS  
2024 SERIES A (TAX-EXEMPT) (NON-AMT)**

**\$11,690,000 Serial Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP*</u>
March 1, 2025	\$385,000	3.20%	100%	647201 ZV7
September 1, 2025	385,000	3.20	100	647201 ZW5
March 1, 2026	395,000	3.25	100	647201 ZX3
September 1, 2026	405,000	3.25	100	647201 ZY1
March 1, 2027	415,000	3.35	100	647201 ZZ8
September 1, 2027	420,000	3.35	100	647201 A28
March 1, 2028	425,000	3.40	100	647201 A36
September 1, 2028	435,000	3.40	100	647201 A44
March 1, 2029	445,000	3.50	100	647201 A51
September 1, 2029	455,000	3.50	100	647201 A69
March 1, 2030	465,000	3.55	100	647201 A77
September 1, 2030	475,000	3.55	100	647201 A85
March 1, 2031	485,000	3.60	100	647201 A93
September 1, 2031	495,000	3.60	100	647201 B27
March 1, 2032	510,000	3.65	100	647201 B35
September 1, 2032	520,000	3.65	100	647201 B43
March 1, 2033	530,000	3.65	100	647201 B50
September 1, 2033	540,000	3.70	100	647201 B68
March 1, 2034	555,000	3.70	100	647201 B76
September 1, 2034	565,000	3.75	100	647201 B84
March 1, 2035	575,000	3.80	100	647201 B92
September 1, 2035	590,000	3.85	100	647201 C26
March 1, 2036	605,000	3.90	100	647201 C34
September 1, 2036	615,000	3.95	100	647201 C42

\$4,050,000 4.10% Term Bonds Due September 1, 2039 (Price 100.000%) CUSIP 647201 C59\*

\$8,285,000 4.50% Term Bonds Due September 1, 2044 (Price 99.600%) CUSIP 647201 C67\*

\$10,820,000 4.60% Term Bonds Due September 1, 2049 (Price 98.500%) CUSIP 647201 C75\*

\$13,155,000 4.65% Term Bonds Due September 1, 2054 (Price 98.500%) CUSIP 647201 C83\*

\$48,000,000 5.75% Premium PAC Bonds Due March 1, 2055 (Price 108.073%) CUSIP 647201 C91\*

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\* CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems 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. None of the Authority, the Underwriters, the Financial Advisor or the Trustee is 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.

## MATURITY SCHEDULE

**\$24,000,000**

**NEW MEXICO MORTGAGE FINANCE AUTHORITY  
SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS  
2024 SERIES B (FEDERALLY TAXABLE)**

**\$3,255,000 Serial Bonds**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP*</u>
March 1, 2025	\$135,000	4.913%	100%	647201 D25
September 1, 2025	145,000	4.913	100	647201 D33
March 1, 2026	150,000	4.963	100	647201 D41
September 1, 2026	150,000	4.963	100	647201 D58
March 1, 2027	155,000	4.839	100	647201 D66
September 1, 2027	160,000	4.839	100	647201 D74
March 1, 2028	170,000	4.870	100	647201 D82
September 1, 2028	175,000	4.920	100	647201 D90
March 1, 2029	175,000	4.960	100	647201 E24
September 1, 2029	180,000	4.990	100	647201 E32
March 1, 2030	190,000	5.147	100	647201 E40
September 1, 2030	190,000	5.197	100	647201 E57
March 1, 2031	195,000	5.247	100	647201 E65
September 1, 2031	205,000	5.297	100	647201 E73
March 1, 2032	210,000	5.352	100	647201 E81
September 1, 2032	215,000	5.402	100	647201 E99
March 1, 2033	225,000	5.432	100	647201 F23
September 1, 2033	230,000	5.452	100	647201 F31

\$3,455,000 5.552% Term Bonds Due September 1, 2039 (Price 100.000%) CUSIP 647201 F49\*

\$4,120,000 5.830% Term Bonds Due September 1, 2044 (Price 100.000%) CUSIP 647201 F56\*

\$5,750,000 5.980% Term Bonds Due September 1, 2049 (Price 100.000%) CUSIP 647201 F64\*

\$7,420,000 6.030% Term Bonds Due September 1, 2054 (Price 100.000%) CUSIP 647201 F72\*

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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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have 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 Underwriters do 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, salesperson or other person has been authorized by the Authority or the Underwriters 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, and there shall be no 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 Underwriters (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 Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with this offering, the Underwriters 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.

All information for investors regarding the Authority and the Offered Bonds is contained in this Official Statement. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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**OFFICIAL STATEMENT**  
**of**  
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**Relating to its**

**\$120,000,000**

**Single Family Mortgage Program Class I Bonds**

**\$96,000,000**  
**2024 Series A**  
**(Tax-Exempt) (Non-AMT)**

**\$24,000,000**  
**2024 Series B**  
**(Federally Taxable)**

**INTRODUCTION**

**General**

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 its Single Family Mortgage Program Class I Bonds, 2024 Series A (Tax-Exempt) (Non-AMT) in the aggregate principal amount of \$96,000,000 (the “**2024 Series A Bonds**”) and its Single Family Mortgage Program Class I Bonds, 2024 Series B (Federally Taxable) in the aggregate principal amount of \$24,000,000 (the “**2024 Series B Bonds**” and collectively with the 2024 Series A Bonds, the “**Offered Bonds**”). The Offered Bonds will be 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 November 1, 2005, as heretofore amended and supplemented (the “**General Indenture**”), between the Authority and Zions Bancorporation, National Association, as Trustee (the “**Trustee**”) and a 2024 Series AB Indenture dated as of February 1, 2024 between the Trustee and the Authority (the “**2024 Series AB Indenture**”). The General Indenture, the 2024 Series AB Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of any 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 – Definitions” attached hereto.

Under the General Indenture, the Authority may issue additional Series of Bonds (“**Additional Bonds**”) and other obligations (“**Auxiliary Obligations**”) related to Bonds (defined below) upon satisfaction of the conditions set forth in the General Indenture. The General Indenture provides that the Offered Bonds, all bonds previously issued under the General Indenture (the “**Outstanding Bonds**”) any Additional Bonds (together with the Offered Bonds and the Outstanding Bonds, the “**Bonds**”) and any Auxiliary Obligations shall be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds and Auxiliary Obligations of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations of the same Class. The Offered Bonds and all Outstanding Bonds are Class I Bonds under the General Indenture.

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The Offered Bonds are being issued to finance certain qualifying Mortgage Loans (such loans referred to collectively herein as the “**2024 Series AB First Home Loans**”), which include portions of certain qualifying Mortgage Loans (the “**2024 Series AB Participation Loans**”) funded with Participation Funds, as defined herein. The 2024 Series AB First Home Loans are secured by mortgages made to qualified individuals for single family residences located within the State of New Mexico (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**”), (ii) mortgage loan pass-through certificates (the “**Fannie Mae Certificates**”) issued and guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association (“**Fannie Mae**”) and/or (iii) mortgage loan pass-through certificates (the “**Freddie Mac Certificates**”, and together with the GNMA Certificates and the Fannie Mae Certificates, the “**Mortgage Certificates**”) issued and guaranteed as to timely payment of principal and interest by the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”), all in accordance with the Authority’s First Home loan mortgage program (the “**First Home Program**” and sometimes referred to herein as the “**Single Family Mortgage Program**”). See “APPENDIX C - THE GNMA MORTGAGE-BACKED SECURITIES PROGRAM”, “APPENDIX D - THE FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” and “APPENDIX E - THE FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM”, each attached hereto, for additional information concerning GNMA, Fannie Mae and Freddie Mac, respectively. See also “FIRST HOME PROGRAM” herein. The Mortgage Certificates related to the 2024 Series AB First Home Loans (the “**2024 Series AB Certificates**”, which include the hereinafter-described 2024 Series AB Participation Certificates) are pledged under the Indenture to the payment of the principal of and the interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

To facilitate the operation of the First Home Program, the Authority maintains a “pipeline” of Mortgage Loans and Mortgage Certificates to be financed with Bond proceeds and other available funds. From time to time, the Authority’s pipeline is financed using certain of its general operating funds and other legally available moneys to purchase Mortgage Certificates in anticipation of the issuance of bonds. As of January 16, 2024, the Authority had \$118,297,949 of Mortgage Loans in the pipeline (including reserved Mortgage Loans, a portion of which are expected not to close for various reasons), of which \$53,916,724 are Mortgage Loans expected to be financed with the proceeds of the Offered Bonds. In addition, as of January 16, 2024, the Authority held \$-0- of Mortgage Certificates that are backed or represented by Mortgage Loans, which will be available to be purchased with proceeds of the Offered Bonds. See “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” and “FIRST HOME PROGRAM” herein.

The 2024 Series AB First Home Loans are originated by mortgage lenders (the “**Mortgage Lenders**”) pursuant to individual Amended and Restated Mortgage Purchase Master Agreements (each, a “**Master Purchase Agreement**”), between each Mortgage Lender and the Authority, and are serviced pursuant to the Mortgage Loan Sub-Servicing and Single Family Program Support Services Agreement, dated as of June 1, 2016 (as amended, the “**Servicing Agreement**”), each between the Authority and Idaho Housing and Finance Association, an independent public body corporate and politic of the State of Idaho (“**Idaho Housing**”). Pursuant to the Servicing Agreement, Idaho Housing acts as sub-servicer for the 2024 Series AB First Home Loans. The Authority purchases, or causes to be purchased on its behalf, 2024 Series AB First Home Loans, and the Authority then issues or purchases, as applicable, 2024 Series AB Certificates backed by such 2024 Series AB First Home Loans. Ultimately, the Trustee purchases the 2024 Series AB Certificates from the Authority with the proceeds of the Offered Bonds.

The Authority may deposit or allocate a portion of the proceeds from the issuance of one or more Series of Bonds (including the Offered Bonds) or proceeds of bonds of the Authority issued under a separate indenture (each, an “**Other Indenture**”) into a participation loan subaccount under the Indenture or under



an Other Indenture (such proceeds, the **“Participation Funds”**). Participation Funds may be used from time to time to finance the purchase of Mortgage Certificates under the Indenture or Other Indentures. The Authority expects to use Participation Funds, together with proceeds of the Offered Bonds, to purchase certain Mortgage Certificates. The portion of such Mortgage Certificates which is backed by 2024 Series AB Participation Loans is referred to as the **“2024 Series AB Participation Certificates”**. Both principal payments and prepayments of Mortgage Certificates purchased with proceeds of the Offered Bonds and the Participation Funds will be allocated pro rata (at such percentages to be determined by the Authority) between the 2024 Series AB Subaccount of the Revenue Account and the revenue subaccount related to the bonds that generated the Participation Funds. Interest payments on Mortgage Certificates purchased with proceeds of the Offered Bonds and the Participation Funds will be allocated entirely to the Offered Bonds to reduce the effective interest rate on the Mortgage Loans made under the bond issue providing the Participation Funds. See **“ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS”** herein.

The 2024 Series AB First Home Loans (i) bear interest at the interest rates or expected interest rates as further described under the heading **“ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS”** herein and (ii) are purchased, or caused to be purchased, by the Authority at the purchase price specified under the heading **“FIRST HOME PROGRAM– Mortgage Discount and Purchase Price”** herein.

The 2024 Series AB First Home Loans are required to meet the First Home Program requirements, including the requirements of federal tax law applicable to the Offered Bonds, and to be (i) insured by the Federal Housing Administration (**“FHA”**) pursuant to the National Housing Act, as amended, or by the United States Department of Housing and Urban Development (**“HUD”**) pursuant to Section 184 of the Housing and Community Development Act of 1992, (ii) guaranteed by the Department of Veterans Affairs (**“VA”**) pursuant to the Servicemen’s Readjustment Act of 1944, as amended, (iii) guaranteed by the Rural Housing Services (the **“RHS”**) under Title V of the Housing Act of 1949, as amended, or (iv) conventional Mortgage Loans meeting the underwriting criteria of Fannie Mae or Freddie Mac, as applicable.

## **Miscellaneous**

**The Bonds, including the Offered Bonds, are special obligations of the Authority, payable solely from and secured solely by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, the Mortgage Certificates, including the 2024 Series AB Certificates and the money and securities held in the funds and accounts created by the Indenture, other than the Rebate Account and amounts deposited therein. 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 or any agency thereof, including GNMA, or of Fannie Mae or Freddie Mac, and are not guaranteed by the full faith and credit of the United States of America, including GNMA, or of Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac are not backed by the full faith and credit of the United States of America.

The Offered Bonds are subject to optional redemption, special redemption, and sinking fund redemption as described herein. Under certain circumstances described herein, Offered Bonds purchased at a premium are subject to redemption at par. 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 First Home Program, and 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 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” 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 shortage.

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 be composed of 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 Governor is authorized to designate a member to serve as chair, and the Authority annually elects a member to serve as vice chair. 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.

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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:

Angel Reyes, Chair	Term expires January 1, 2025
Derek Valdo, Vice Chair	Term expires February 15, 2024
Rebecca Wurzbarger, Treasurer	Term expires February 15, 2024
Howie C. Morales	Lieutenant Governor of the State
Raul Torrez	Attorney General of the State
Laura Montoya	Treasurer of the State
Patricia A. Sullivan	Term expires January 1, 2024 <sup>†</sup>

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<sup>†</sup> Members continue to serve until their successors are appointed.

The staff of the Authority consists of approximately 126 full-time employees including the following key officers:

Isidoro Hernandez	Executive Director/Chief Executive Officer and Secretary
Arundhati Bose	Chief Financial Officer
Donna Maestas-De Vries	Chief Housing Officer
Jeff Payne	Chief Lending Officer

The Authority's counsel relating to the issuance of the Offered Bonds is Stelzner, Winter, Warburton, Flores & Dawes, P.A., Albuquerque, New Mexico. The Authority's most recent financial statements (as of September 30, 2023) were audited by CliftonLarsonAllen LLP, Albuquerque, New Mexico ("CLA"). Such financial statements are available at the Authority's website at <http://www.housingnm.org/about-mfa/financials>. CLA, the Authority's independent auditor, has not been engaged to perform and has not performed since the date of its report with respect to such financial statements, any procedures on the financial statements addressed in that report. CLA has not performed any procedures relating to this Official Statement.

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

## **DESCRIPTION OF THE OFFERED BONDS**

### **General Terms**

The Offered Bonds will be dated the date 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 will initially 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 and interest with respect to the Offered Bonds are to be made directly to DTC by the Trustee. Disbursement of such payments to Direct Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants as more fully described herein. See "APPENDIX F—BOOK-ENTRY SYSTEM" attached hereto.

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## Interest

The Trustee shall pay interest semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing September 1, 2024, 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 15<sup>th</sup> 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 the redemption price of 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.

## Redemption Provisions

***Optional Redemption.*** The Offered Bonds maturing on or after September 1, 2033 (other than the Offered Bonds maturing on March 1, 2055 (the “**2024 Series A Premium PAC Bonds**”)) are subject to redemption at the option of the Authority on any date on or after March 1, 2033 either in whole or in part, at a Redemption Price equal to 100% of their principal amount plus accrued interest to the date of redemption.

The 2024 Series A Premium PAC Bonds are subject to redemption either in whole or in part at the option of the Authority on any date on or after the dates and at the prices set forth below:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 2033	101.302%
September 1, 2033	100.934
March 1, 2034	100.541
September 1, 2034 and thereafter	100.000

† Any 2024 Series A Premium PAC Bonds optionally redeemed on a date other than a redemption date listed above will be redeemed at a price calculated by the Authority using straight-line interpolation between the redemption prices for the redemption dates listed above immediately preceding and succeeding such redemption date.

In the event of a partial optional redemption of any Offered Bonds, the Authority shall direct the maturity or maturities, and the amounts thereof, to be redeemed.

***Special Redemption from Unexpended Proceeds.*** The Offered Bonds are subject to special redemption at any time prior to their stated maturities as a whole or in part at a Redemption Price equal to 100% of their principal amount plus accrued interest thereon to the date of redemption, without premium (except the 2024 Series A Premium PAC Bonds which are to be redeemed at the price set forth on the inside front cover page hereto), from amounts deposited in the 2024 Series AB Subaccount of the Redemption Fund in an amount equal to the proceeds of the Offered Bonds deposited in the 2024 Series AB Subaccount of the Acquisition Account that the Authority certifies will not be used to purchase 2024 Series AB Certificates or, if not previously used or transferred to the 2024 Series AB Subaccount of the Redemption Fund, which remain on deposit in such account after July 31, 2024 (for redemption on September 1, 2024), unless the Authority extends and continues to extend any such date as provided in the Indenture, but in no event shall such redemption date be extended later than August 22, 2027, and which amounts are not required to be credited to the Rebate Account; provided, however that the Authority may direct that such unexpended Offered Bonds proceeds in amounts less than \$200,000 be transferred to the 2024 Series AB

Subaccount of the Revenue Account. Unexpended proceeds of the 2024 Series A Bonds deposited in the 2024 Series AB Subaccount of the Redemption Fund shall be applied by the Trustee to redeem the 2024 Series A Bonds on a pro rata by maturity basis. Unexpended proceeds of the 2024 Series B Bonds deposited in the 2024 Series AB Subaccount of the Redemption Fund shall be applied by the Trustee to redeem the 2024 Series B Bonds on a pro rata by maturity basis. Since it began purchasing Mortgage Certificates in 1994, the Authority has not redeemed any Bonds from unexpended proceeds.

***Special Redemption from Revenues (Including Prepayments).*** The Offered Bonds are subject to special redemption at any time on and after September 1, 2024, prior to their stated maturities, as a whole or in part, at a Redemption Price equal to 100% of their principal amount plus accrued interest thereon to the date of redemption, without premium, in an amount equal to moneys (in excess of \$10,000) in the 2024 Series AB Subaccount of the Revenue Account on each March 1, June 1, September 1, and December 1, and determined by the Authority as not needed to make (or reserve for) Debt Service Payments on the Offered Bonds, to pay Program Expenses or to be paid to the Authority (upon receipt of an Authority Request and pursuant to a Cash Flow Statement) or, under the circumstances provided in the Indenture, to pay debt service on or replenish the reserve fund for other Series of Bonds or Auxiliary Obligations. Moneys in the 2024 Series AB Subaccount of the Revenue Account and deposited in the 2024 Series AB Subaccount of the Redemption Fund shall be applied by the Trustee to redeem Offered Bonds on a quarterly basis, in the following order of priority:

(i) *first*, the 2024 Series A Premium PAC Bonds on a pro rata basis among scheduled Sinking Fund Installments in an amount up to that set forth in the Planned Amortization Schedule for the 2024 Series A Premium PAC Bonds for each applicable redemption period, less the respective aggregate principal amount of such 2024 Series A Premium PAC Bonds previously retired at maturity or by redemption or which are scheduled to be retired at maturity or by redemption on or prior to the applicable redemption period (other than redemptions described above under “*Special Redemption from Unexpended Proceeds*”);

(ii) *second*, then all Offered Bonds (other than the 2024 Series A Premium PAC Bonds) on a pro rata by maturity basis until the outstanding principal amount of all the Offered Bonds (including the 2024 Series A Premium PAC Bonds) has been reduced to an amount not less than the amount set forth for each applicable redemption period in the table below entitled “400% PSA Outstanding Balance of the Offered Bonds”; and

(iii) *third*, then all Offered Bonds, including the 2024 Series A Premium PAC Bonds, on a pro rata by maturity basis.

***Certain Information Regarding the 2024 Series A Premium PAC Bonds.*** The initial Planned Amortization Schedule for the 2024 Series A Premium PAC Bonds is set forth below:

Planned Amortization Schedule for 2024 Series A Premium PAC Bonds (Cumulative)			2024 Series A Premium PAC Bonds Outstanding <sup>1</sup>
Date			
February 22, 2024	\$	-0-	\$48,000,000
September 1, 2024		155,000	47,845,000
December 1, 2024		500,000	47,500,000
March 1, 2025		1,230,000	46,770,000
June 1, 2025		1,915,000	46,085,000
September 1, 2025		2,985,000	45,015,000
December 1, 2025		4,015,000	43,985,000
March 1, 2026		5,410,000	42,590,000

<u>Date</u>	Planned Amortization Schedule	2024 Series A Premium
	for 2024 Series A Premium <u>PAC Bonds (Cumulative)</u>	<u>PAC Bonds Outstanding<sup>1</sup></u>
June 1, 2026	\$ 6,765,000	\$41,235,000
September 1, 2026	8,460,000	39,540,000
December 1, 2026	10,080,000	37,920,000
March 1, 2027	11,895,000	36,105,000
June 1, 2027	13,500,000	34,500,000
September 1, 2027	15,245,000	32,755,000
December 1, 2027	16,790,000	31,210,000
March 1, 2028	18,470,000	29,530,000
June 1, 2028	19,955,000	28,045,000
September 1, 2028	21,575,000	26,425,000
December 1, 2028	23,000,000	25,000,000
March 1, 2029	24,560,000	23,440,000
June 1, 2029	25,930,000	22,070,000
September 1, 2029	27,420,000	20,580,000
December 1, 2029	28,740,000	19,260,000
March 1, 2030	30,165,000	17,835,000
June 1, 2030	31,430,000	16,570,000
September 1, 2030	32,795,000	15,205,000
December 1, 2030	34,015,000	13,985,000
March 1, 2031	35,320,000	12,680,000
June 1, 2031	36,490,000	11,510,000
September 1, 2031	37,735,000	10,265,000
December 1, 2031	38,855,000	9,145,000
March 1, 2032	40,040,000	7,960,000
June 1, 2032	41,115,000	6,885,000
September 1, 2032	42,185,000	5,815,000
December 1, 2032	43,185,000	4,815,000
March 1, 2033	44,090,000	3,910,000
June 1, 2033	44,950,000	3,050,000
September 1, 2033	45,710,000	2,290,000
December 1, 2033	46,450,000	1,550,000
March 1, 2034	47,085,000	915,000
June 1, 2034	47,720,000	280,000
September 1, 2034 <sup>+</sup>	48,000,000	-0-

<sup>+</sup> And thereafter.

<sup>1</sup> The amounts in this column assume that the 2024 Series A Premium PAC Bonds are not redeemed in excess of the applicable cumulative amounts set forth in the Planned Amortization Schedule.

The amounts set forth in the table above are subject to reduction if the Offered Bonds are redeemed as described above under “*Special Redemption from Unexpended Proceeds*”. In such event, the principal amounts in the Planned Amortization Schedule will be reduced by multiplying each of the amounts in such schedule by a fraction (x) the numerator of which is the principal amount of the 2024 Series A Premium PAC Bonds remaining outstanding after such special redemption of the Offered Bonds from unexpended proceeds and (y) the denominator of which is the original principal amount of the 2024 Series A Premium PAC Bonds, rounded to the nearest \$5,000 denomination.

### 400% PSA Outstanding Balance of the Offered Bonds

400% PSA Outstanding		400% PSA Outstanding	
<u>Date</u>	<u>Balance of the Offered Bonds</u>	<u>Date</u>	<u>Balance of the Offered Bonds</u>
February 22, 2024	\$120,000,000	September 1, 2039	\$4,890,000
September 1, 2024	119,365,000	December 1, 2039	4,770,000
December 1, 2024	117,985,000	March 1, 2040	4,655,000
March 1, 2025	115,200,000	June 1, 2040	4,560,000
June 1, 2025	112,425,000	September 1, 2040	4,455,000
September 1, 2025	108,350,000	December 1, 2040	4,380,000
December 1, 2025	104,325,000	March 1, 2041	4,270,000
March 1, 2026	99,180,000	June 1, 2041	4,225,000
June 1, 2026	94,150,000	September 1, 2041	4,110,000
September 1, 2026	88,235,000	December 1, 2041	4,070,000
December 1, 2026	82,620,000	March 1, 2042	3,955,000
March 1, 2027	76,800,000	June 1, 2042	3,925,000
June 1, 2027	71,780,000	September 1, 2042	3,810,000
September 1, 2027	66,745,000	December 1, 2042	3,785,000
December 1, 2027	62,405,000	March 1, 2043	3,665,000
March 1, 2028	58,040,000	June 1, 2043	3,645,000
June 1, 2028	54,290,000	September 1, 2043	3,530,000
September 1, 2028	50,505,000	December 1, 2043	3,510,000
December 1, 2028	47,260,000	March 1, 2044	3,385,000
March 1, 2029	43,985,000	June 1, 2044	3,370,000
June 1, 2029	41,180,000	September 1, 2044	3,245,000
September 1, 2029	38,345,000	December 1, 2044	3,235,000
December 1, 2029	35,925,000	March 1, 2045	3,095,000
March 1, 2030	33,470,000	June 1, 2045	3,085,000
June 1, 2030	31,380,000	September 1, 2045	2,955,000
September 1, 2030	29,260,000	December 1, 2045	2,945,000
December 1, 2030	27,455,000	March 1, 2046	2,810,000
March 1, 2031	25,620,000	June 1, 2046	2,805,000
June 1, 2031	24,065,000	September 1, 2046	2,670,000
September 1, 2031	22,475,000	December 1, 2046	2,665,000
December 1, 2031	21,130,000	March 1, 2047	2,525,000
March 1, 2032	19,760,000	June 1, 2047	2,520,000
June 1, 2032	18,600,000	September 1, 2047	2,375,000
September 1, 2032	17,415,000	December 1, 2047	2,375,000
December 1, 2032	16,420,000	March 1, 2048	2,225,000
March 1, 2033	15,395,000	June 1, 2048	2,225,000
June 1, 2033	14,535,000	September 1, 2048	2,070,000
September 1, 2033	13,650,000	December 1, 2048	2,070,000
December 1, 2033	12,915,000	March 1, 2049	1,915,000
March 1, 2034	12,150,000	June 1, 2049	1,915,000
June 1, 2034	11,520,000	September 1, 2049	1,755,000
September 1, 2034	10,865,000	December 1, 2049	1,755,000
December 1, 2034	10,320,000	March 1, 2050	1,580,000
March 1, 2035	9,760,000	June 1, 2050	1,580,000
June 1, 2035	9,290,000	September 1, 2050	1,410,000
September 1, 2035	8,815,000	December 1, 2050	1,410,000

400% PSA Outstanding		400% PSA Outstanding	
<u>Date</u>	<u>Balance of the Offered Bonds</u>	<u>Date</u>	<u>Balance of the Offered Bonds</u>
December 1, 2035	\$8,415,000	March 1, 2051	\$1,235,000
March 1, 2036	8,010,000	June 1, 2051	1,235,000
June 1, 2036	7,670,000	September 1, 2051	1,055,000
September 1, 2036	7,325,000	December 1, 2051	1,055,000
December 1, 2036	7,035,000	March 1, 2052	870,000
March 1, 2037	6,750,000	June 1, 2052	870,000
June 1, 2037	6,500,000	September 1, 2052	680,000
September 1, 2037	6,260,000	December 1, 2052	680,000
December 1, 2037	6,035,000	March 1, 2053	480,000
March 1, 2038	5,830,000	June 1, 2053	480,000
June 1, 2038	5,640,000	September 1, 2053	275,000
September 1, 2038	5,465,000	December 1, 2053	275,000
December 1, 2038	5,305,000	March 1, 2054	85,000
March 1, 2039	5,155,000	June 1, 2054	85,000
June 1, 2039	5,015,000	September 1, 2054	-0-

The amounts set forth in the table above are subject to reduction if the Offered Bonds are redeemed as described above under “*Special Redemption from Unexpended Proceeds*”. In such event, the principal amounts in the 400% PSA Outstanding Balance of the Offered Bonds table will be reduced by multiplying each of the amounts in such table by a fraction (x) the numerator of which is the principal amount of the Offered Bonds remaining outstanding after such special redemption from the unexpended proceeds and (y) the denominator of which is the original principal amount of the Offered Bonds, rounded to the nearest \$5,000 denomination.

***Sinking Fund Redemption.*** Each of the 2024 Series A Bonds maturing on September 1, 2039, September 1, 2044, September 1, 2049, September 1, 2054, and the 2024 Series A Premium PAC Bonds (collectively, the “**Series A Term Bonds**”) and the 2024 Series B Bonds maturing on September 1, 2039, September 1, 2044, September 1, 2049, and September 1, 2054 (collectively, the “**Series B Term Bonds**”) and together with the Series A Term Bonds, the “**Offered Term Bonds**”) shall be redeemed prior to their respective dates of maturity, in part, by lot by payment of Sinking Fund Installments on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price equal to 100% of the principal amount of the applicable Offered Term Bond or portions thereof to be redeemed, together with accrued interest to the redemption date, as follows:

#### **September 1, 2039 Series A Term Bonds**

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2037	\$635,000	September 1, 2038	\$685,000
September 1, 2037	650,000	March 1, 2039	700,000
March 1, 2038	665,000	September 1, 2039 <sup>+</sup>	715,000

<sup>+</sup> Final Maturity.

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### September 1, 2044 Series A Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2040	\$735,000	September 1, 2042	\$835,000
September 1, 2040	755,000	March 1, 2043	860,000
March 1, 2041	775,000	September 1, 2043	880,000
September 1, 2041	795,000	March 1, 2044	905,000
March 1, 2042	815,000	September 1, 2044 <sup>+</sup>	930,000

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<sup>+</sup> Final Maturity.

### September 1, 2049 Series A Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2045	\$ 955,000	September 1, 2047	\$1,095,000
September 1, 2045	980,000	March 1, 2048	1,120,000
March 1, 2046	1,010,000	September 1, 2048	1,155,000
September 1, 2046	1,035,000	March 1, 2049	1,185,000
March 1, 2047	1,065,000	September 1, 2049 <sup>+</sup>	1,220,000

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<sup>+</sup> Final Maturity.

### September 1, 2054 Series A Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2050	1,250,000	September 1, 2052	1,435,000
September 1, 2050	1,285,000	March 1, 2053	1,475,000
March 1, 2051	1,325,000	September 1, 2053	1,520,000
September 1, 2051	1,360,000	March 1, 2054	1,435,000
March 1, 2052	1,400,000	September 1, 2054 <sup>+</sup>	670,000

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<sup>+</sup> Final Maturity.

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### 2024 Series A Premium PAC Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2025	\$265,000	September 1, 2040	\$ 735,000
September 1, 2025	270,000	March 1, 2041	760,000
March 1, 2026	280,000	September 1, 2041	785,000
September 1, 2026	290,000	March 1, 2042	815,000
March 1, 2027	300,000	September 1, 2042	840,000
September 1, 2027	310,000	March 1, 2043	870,000
March 1, 2028	320,000	September 1, 2043	900,000
September 1, 2028	330,000	March 1, 2044	930,000
March 1, 2029	345,000	September 1, 2044	960,000
September 1, 2029	355,000	March 1, 2045	990,000
March 1, 2030	365,000	September 1, 2045	1,025,000
September 1, 2030	380,000	March 1, 2046	1,060,000
March 1, 2031	395,000	September 1, 2046	1,095,000
September 1, 2031	405,000	March 1, 2047	1,130,000
March 1, 2032	420,000	September 1, 2047	1,170,000
September 1, 2032	435,000	March 1, 2048	1,210,000
March 1, 2033	450,000	September 1, 2048	1,250,000
September 1, 2033	465,000	March 1, 2049	1,290,000
March 1, 2034	480,000	September 1, 2049	1,330,000
September 1, 2034	495,000	March 1, 2050	1,375,000
March 1, 2035	515,000	September 1, 2050	1,425,000
September 1, 2035	530,000	March 1, 2051	1,470,000
March 1, 2036	550,000	September 1, 2051	1,520,000
September 1, 2036	565,000	March 1, 2052	1,570,000
March 1, 2037	585,000	September 1, 2052	1,620,000
September 1, 2037	605,000	March 1, 2053	1,675,000
March 1, 2038	625,000	September 1, 2053	1,730,000
September 1, 2038	645,000	March 1, 2054	1,645,000
March 1, 2039	670,000	September 1, 2054	760,000
September 1, 2039	690,000	March 1, 2055 <sup>+</sup>	15,000
March 1, 2040	715,000		

<sup>+</sup> Final Maturity.

### September 1, 2039 Series B Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2034	\$240,000	March 1, 2037	\$290,000
September 1, 2034	250,000	September 1, 2037	300,000
March 1, 2035	255,000	March 1, 2038	310,000
September 1, 2035	265,000	September 1, 2038	320,000
March 1, 2036	270,000	March 1, 2039	330,000
September 1, 2036	285,000	September 1, 2039 <sup>+</sup>	340,000

<sup>+</sup> Final Maturity.

### September 1, 2044 Series B Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2040	\$350,000	September 1, 2042	\$420,000
September 1, 2040	365,000	March 1, 2043	430,000
March 1, 2041	380,000	September 1, 2043	445,000
September 1, 2041	390,000	March 1, 2044	460,000
March 1, 2042	405,000	September 1, 2044 <sup>+</sup>	475,000

<sup>+</sup> Final Maturity.

### September 1, 2049 Series B Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2045	\$495,000	September 1, 2047	\$580,000
September 1, 2045	510,000	March 1, 2048	600,000
March 1, 2046	525,000	September 1, 2048	620,000
September 1, 2046	545,000	March 1, 2049	645,000
March 1, 2047	565,000	September 1, 2049 <sup>+</sup>	665,000

<sup>+</sup> Final Maturity.

### September 1, 2054 Series B Term Bonds

<u>Date</u>	<u>Sinking Fund Installment</u>	<u>Date</u>	<u>Sinking Fund Installment</u>
March 1, 2050	\$690,000	September 1, 2052	\$815,000
September 1, 2050	710,000	March 1, 2053	840,000
March 1, 2051	735,000	September 1, 2053	870,000
September 1, 2051	760,000	March 1, 2054	825,000
March 1, 2052	785,000	September 1, 2054 <sup>+</sup>	390,000

<sup>+</sup> Final Maturity.

Prior to the giving of notice of redemption of Offered Term Bonds from Sinking Fund Installments, the Authority may direct the Trustee to apply amounts accumulated for a Sinking Fund Installment to the purchase for cancellation of Offered Term Bonds for which such Sinking Fund Installment was established at a price not exceeding the principal amount thereof, plus accrued interest to the date of purchase.

Upon any purchase or redemption of Offered Bonds, other than by application of Sinking Fund Installments, an amount equal to the applicable principal amount thereof will be credited towards each Sinking Fund Installment for such Offered Bonds on a proportionate basis in amounts bearing the same ratio as the total principal amount of such Offered Bonds so purchased or redeemed bears to the total amount of all Sinking Fund Installments to be credited; provided that with respect to any such purchase or redemption of Offered Term Bonds if there shall be filed with the Trustee a Cash Flow Statement and written instructions specifying a different method for crediting Sinking Fund Installments then the principal amounts are to be credited as provided in such instructions.

***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, the Authority covenants in the 2024 Series AB Indenture that, until all 2024 Series A Premium PAC Bonds have been retired, the Authority will not use Revenues attributable to any Outstanding Bonds or Additional Bonds (other than the Offered Bonds) for special redemption of the Offered Bonds, nor will the Authority use Revenues attributable to the Offered Bonds for special redemption of any other Series of Bonds. So long as the 2024 Series A Premium PAC Bonds are outstanding, the Authority may use amounts in the Surplus Fund established pursuant to the General Indenture for special redemption of 2024 Series A Premium PAC Bonds, but solely to the extent the Revenues on deposit in the 2024 Series AB Subaccount of the Revenue Account are insufficient to redeem the 2024 Series A Premium PAC Bonds in accordance with the Planned Amortization Schedule (See DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions – Special Redemption from Revenues (Including Prepayments)); provided, however, that the Authority shall not be required to use amounts in the Surplus Fund for such a purpose.

***Other Provisions Concerning Redemption.*** Notice of redemption is to be given not less than thirty (30) days or such shorter period as may be acceptable to the then registered owner of the Offered Bonds 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 Trustee. 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 Trustee to give any notice shall not be conditioned upon the prior payment to the Trustee 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 Direct 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 SYSTEM” attached hereto.

If less than all the Offered Bonds of like maturity are to be redeemed, the particular Offered Bonds or the respective portions thereof to be redeemed will be selected by lot by the Trustee in such manner as the Trustee in its discretion deems fair and appropriate. If the Offered Bonds are being held by DTC under the book-entry system and less than all of such Offered Bonds within a maturity are being redeemed, DTC’s current practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be called for redemption, and each Direct Participant is to then select by lot the ownership interest in such maturity to be redeemed. See “APPENDIX F – BOOK-ENTRY SYSTEM” attached hereto for a general description of the DTC book-entry-only system.

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 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 Trustee 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 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 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 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 Trustee of a notice of redemption with respect to Offered Bonds of any particular maturity, the Authority may direct the Trustee 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.

### **Estimated Weighted Average Lives of the Offered Term 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 lives of the Offered Term Bonds, including the 2024 Series A Premium PAC Bonds will be influenced by, among other factors, the rate at which principal payments (including scheduled payments and principal prepayments) are made on the 2024 Series AB First Home 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 Standard Prepayment Model of The Securities Industry and Financial Markets Association, formerly the Bond Market Association, and prior thereto the Public Securities Association (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 thirtieth 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. Multiples of the PSA Prepayment Benchmark will be calculated from this prepayment rate standard, e.g. “200% PSA” assumes prepayment rates will be 0.4% per year in month one, 0.8% per year in month two, reaching 12% per year in month thirty and remaining constant at 12% per year thereafter. “0% PSA” assumes no prepayments of principal of a pool of Mortgage Loans will occur for the life of the pool of Mortgage Loans.

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of Prepayments of the 2024 Series AB First Home Loans and there is no assurance that such Prepayments 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 2024 Series AB First

Home Loans. *The Authority makes no representation as to the percentage of the principal balance of the 2024 Series AB First Home 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 table was prepared by CSG Advisors, as financial advisor to the Authority (the “**Financial Advisor**”), and sets forth the projected weighted average lives of the Offered Term Bonds. 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 table is based on the assumptions described below and assumes, among other assumptions, that:

- (i) a portion of the proceeds of the Offered Bonds will be used to acquire 2024 Series AB First Home Loans (excluding the 2024 Series AB Participation Loans) bearing interest at a weighted average rate of 6.083%;
- (ii) approximately \$18,600,000 of net Participation Funds generated from a prior Series of Bonds, together with certain proceeds of the Offered Bonds, will be used to purchase Mortgage Certificates, all of the interest on which will be allocated solely to the Offered Bonds;
- (iii) Participation Funds generated from the Offered Bonds, together with proceeds from a future series of Bonds (or other bonds), will be used to purchase Mortgage Certificates, the interest on which will be allocated in a manner to maintain compliance with Federal tax law;
- (iv) the 2024 Series AB First Home Loans (excluding the 2024 Series AB Participation Loans) will be originated, on average, on May 4, 2024;
- (v) the 2024 Series AB First Home Loans (excluding the 2024 Series AB Participation Loans), will be 360-month Mortgage Loans;
- (vi) the 2024 Series AB First Home Loans will be prepaid at the indicated percentage of the PSA Prepayment Benchmark;
- (vii) all scheduled principal and interest payments, and any Prepayments, of the 2024 Series AB Certificates will be timely received and applied to pay principal of and interest on, and Program Expenses related to, the Offered Bonds;
- (viii) special redemptions from Prepayments and excess Revenues will occur on a quarterly basis as set forth herein;
- (ix) amounts invested in the 2024 Series AB Subaccount of the Acquisition Account will be invested at 0.0%; amounts invested in all other hereinafter-described Float Funds and the 2024 Series AB Subaccount of the Negative Arbitrage Account will be invested at 0.0% for four years, 0.50% for three years, 1.00% for four years, and 1.50% thereafter;
- (x) other than moneys remaining in the 2024 Series AB Subaccount of the Negative Arbitrage Account after full acquisition of the 2024 Series AB Certificates, no moneys from the 2024 Series AB Subaccount of the Revenue Account will be needed to pay other Bonds or Auxiliary Obligations under the Indenture or will be withdrawn from the trust estate by the Authority upon satisfaction of the Asset Requirements and delivery of a Cash Flow Statement;

(xi) the Offered Bonds will not be optionally redeemed prior to maturity by the Authority;

(xii) no Revenues attributable to other series of Bonds (including amounts in the Surplus Fund) will be used to redeem the Offered Bonds; and

(xiii) no Prepayments of the 2024 Series AB Certificates will be used to redeem other Bonds or Auxiliary Obligations under the Indenture.

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**Projected Weighted Average Lives (in Years)  
of the Series A Term Bonds  
(Assuming Full Origination on Expected Dates)**

PSA <u>Speed</u>	2024 Series A Term Bonds due September 1, <u>2039</u>	2024 Series A Term Bonds due September 1, <u>2044</u>	2024 Series A Term Bonds due September 1, <u>2049</u>	2024 Series A Term Bonds due September 1, <u>2054</u>	2024 Series A Premium PAC Bonds due <u>March 1, 2055</u>
0%	14.3	18.4	23.4	28.2	20.2
25%	14.3	18.4	23.4	28.2	14.2
50%	14.3	18.4	23.2	27.3	8.9
75%	14.3	17.8	21.3	24.0	6.5
100%	13.8	16.5	19.1	20.9	5.3
150%	11.6	13.3	14.8	15.9	5.3
200%	9.7	10.8	11.9	12.6	5.3
300%	7.1	7.6	8.2	8.7	5.3
400%	5.3	5.6	6.0	6.4	5.3
500%	4.6	4.8	5.1	5.4	4.4
600%	4.1	4.2	4.5	4.7	3.9
700%	3.6	3.7	3.9	4.1	3.6

**Projected Weighted Average Lives (in Years)  
of the Series B Term Bonds  
(Assuming Full Origination on Expected Dates)**

PSA <u>Speed</u>	2024 Series B Term Bonds due September 1, <u>2039</u>	2024 Series B Term Bonds due September 1, <u>2044</u>	2024 Series B Term Bonds due September 1, <u>2049</u>	2024 Series B Term Bonds due September 1, <u>2054</u>
0%	13.0	18.4	23.4	28.2
25%	13.0	18.4	23.4	28.2
50%	13.0	18.4	23.2	27.3
75%	12.9	17.8	21.3	24.0
100%	12.6	16.6	19.2	20.9
150%	10.8	13.3	14.8	16.0
200%	9.1	10.9	11.9	12.7
300%	6.8	7.7	8.3	8.8
400%	5.1	5.7	6.1	6.5
500%	4.5	4.9	5.1	5.4
600%	4.0	4.3	4.5	4.7
700%	3.6	3.8	3.9	4.0

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## SOURCES AND USES OF FUNDS

The following are the expected sources and uses of funds, with respect to the Offered Bonds:

### Sources of Funds

2024 Series A Bonds Principal Amount .....	\$96,000,000.00
2024 Series A Bonds Net Premium .....	3,482,275.00
2024 Series B Bonds Principal Amount .....	24,000,000.00
Authority Contribution .....	<u>1,460,000.00</u>
<b>Total .....</b>	<b><u>\$124,942,275.00</u></b>

### Uses of Funds

2024 Series AB Subaccount of the Acquisition Account .....	\$122,447,275.00
Deposit to 2024 Series AB Revenue Account .....	10,000.00
Deposit to 2024 Series AB Negative Arbitrage Account .....	1,450,000.00
Underwriters' Fee and Expenses .....	780,800.00
Costs of Issuance (other than Underwriters' Fee and Expenses) .....	<u>254,200.00</u>
<b>Total .....</b>	<b><u>\$124,942,275.00</u></b>

## FINANCING PLAN

The proceeds of the Offered Bonds, together with any moneys made available upon the issuance of the Offered Bonds and other available moneys, will be applied to the purchase of the 2024 Series AB Certificates, to fund 2024 Series AB Participation Loans and to fund a portion of the negative arbitrage, costs of issuance and the Underwriters' fee and expenses if necessary. See "SOURCES AND USES OF FUNDS" herein.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Pledge Under the Indenture

All Bonds outstanding under the General Indenture are secured by and payable from revenues, assets and moneys pledged for the payment thereof under the General Indenture. The pledge and lien of the General Indenture on such revenues, assets and moneys is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations; second, to secure the payment of the principal of and interest on the Class II Obligations; third, to secure the payment of the principal of and interest on the Class III Obligations; and fourth, to secure the payment of principal and interest on the Class IV Obligations. Bonds and Auxiliary Obligations may also be designated as General Obligations of the Authority.

The Authority has issued only Class I Bonds under the General Indenture, and no Bonds have been designated as General Obligations of the Authority. The Authority has never entered into an Auxiliary Agreement creating an Auxiliary Obligation under the General Indenture.

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Under the terms of the Indenture, all Bonds and Auxiliary Obligations, 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, the Mortgage Loans and the Mortgage 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 Mortgage Certificates by the Trustee), to bring actions and proceedings under Servicing Agreements, the Mortgage Loans and the Mortgage 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, the Mortgage Loans and the Mortgage Certificates;
- (iv) all proceeds of mortgage insurance and guaranty benefits related to Mortgage Loans and the Mortgage 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.

### **Additional Bonds**

The Authority may issue Additional Bonds and Auxiliary Obligations secured by the pledge and lien of the General Indenture on a parity with, or subordinate to, the Offered Bonds and any other Bonds then outstanding (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 any 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 such outstanding Bonds that the issuance of such Additional Bonds or Auxiliary Obligations will not result in the lowering or withdrawal of its then current rating on such Bonds. The Authority has also reserved the right to issue other obligations not secured by the pledge and lien of the General Indenture.

### **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 Offered Bonds, the Outstanding Bonds and any Additional Bonds including the 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 no power to pledge the general credit or taxing power of the State or any political subdivision thereof. The payment of principal of and interest on the Offered Bonds will be secured on a parity basis with the Outstanding Bonds. The Authority may issue Additional Bonds under the General Indenture on a parity or subordinate basis to the Offered Bonds and all other Bonds then outstanding. 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 or any agency of the United States of America, including GNMA, or of Fannie Mae or Freddie Mac, and are not guaranteed by the full faith and credit of the United States of America or GNMA, or of Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac 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 enter into Auxiliary Obligations and invest in certain Investment Obligations. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE” attached hereto.

### **Certain Information Regarding the General Indenture**

An unaudited, consolidated balance sheet showing assets and liabilities of the Indenture as of September 30, 2023 follows:

<i>Assets:</i>		
Mortgage Certificate Balance	\$1,431,023,714.00	
Revenue Fund	31,012,497.24	
Negative Arbitrage Account	5,500,000.00	
Special Redemption Account	825,279.64	
Cost of Issuance	119,750.00	
Loan Acquisition	66,895,012.84	
Rebate Fund (non-pledged)	0.00	
<b>TOTAL ASSETS</b>	<b>\$1,535,376,253.72</b>	
<b>TOTAL PLEDGED ASSETS</b>	<b>\$1,535,256,503.72</b>	
<i>Liabilities:</i>		
Bonds Outstanding	\$1,490,801,723.00	
Accrued Interest	\$8,190,490.90	
<b>TOTAL LIABILITIES</b>	<b>\$1,498,992,213.90</b>	
<i>Parity:</i>		
Equity	\$36,264,289.82	
Parity	102.42%	

## 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 each of the 2024 Series AB Certificates. Prepayments consist of all principal payments in excess of the regularly scheduled principal payments on the 2024 Series AB Certificates, including, but not limited to, payments representing: (i) optional prepayments of 2024 Series AB First Home Loans, (ii) casualty insurance proceeds or condemnation awards applied to the prepayment of 2024 Series AB First Home Loans following a partial or total destruction or condemnation of a residence, (iii) mortgage insurance or guaranty proceeds or other amounts received with respect to 2024 Series AB First Home Loans following acceleration thereof upon the occurrence of an event of default thereunder, (iv) prepayments of the 2024 Series AB First Home Loans required pursuant to applicable rules, regulations, policies and procedures of FHA, USDA/RD, VA, GNMA or Fannie Mae, (v) prepayments of the 2024 Series AB First Home Loans without notice while under supervision of a trustee in bankruptcy, and (vi) prepayments of the 2024 Series AB First Home Loans in connection with the modification of such loans that results in the removal of 2024 Series AB First Home Loans from the pool of loans backing the related 2024 Series AB Certificates (see “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 2024 Series AB First Home Loan or the refinancing of a 2024 Series AB First Home 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 2024 Series AB Certificates. Prepayments with respect to the 2024 Series AB Certificates allocated to the Offered Bonds will be applied to the special redemption from revenues of the Offered Bonds at the price and in accordance with the procedures described under the heading “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions” herein.

In accordance with the terms of the Indenture and pursuant to an Authority Request, the Authority may elect to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to a related or unrelated subaccount of the Acquisition Account of the Program Fund to purchase, finance or acquire additional Mortgage Loans or Mortgage Certificates, so long as each such Authority Request (a) certifies that the Request is consistent with the most recently filed related Cash Flow Statement and the related Series Indenture and (b) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the related Series. The use of moneys in the Redemption Fund to purchase, finance or acquire additional Mortgage Loans or Mortgage Certificates is known as “**recycling**.” The 2024 Series AB Indenture provides that the Authority will recycle such amounts only after the redemption of the Offered Bonds. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions – *Special Redemption from Revenues (Including Prepayments)*” above. The Authority does not presently recycle such amounts to purchase, finance or acquire Mortgage Loans or Mortgage Certificates.

The “**10-Year Rule**” (Section 143(a)(2)(A)(iv) of the Code), as it is commonly called, generally requires that scheduled payments and prepayments of the principal of the 2024 Series AB Certificates allocable to the 2024 Series A Bonds must be used to redeem the 2024 Series A Bonds to the extent such repayments are received more than 10 years after the issue date thereof (or, with respect to any tax-exempt Bonds redeemed by the 2024 Series A Bonds, the original Bond). Such principal payments, when received, are considered “**Restricted Principal Receipts**”. The 10-Year Rule generally limits the Authority’s ability to cross-call Bonds from Restricted Principal Receipts or to recycle such Restricted Principal Receipts. From time to time, there have been efforts to repeal the 10-Year Rule. Any repeal of the 10-Year Rule may lead to increased recycling or to the cross-calling of the Bonds (including, but not limited to, the Offered Bonds).

**No representation is made as to the actual timing of the origination of the 2024 Series AB First Home Loans, the yield to redemption of any Offered Bonds, the redemption of any of the Offered Bonds or the rate of prepayment on the 2024 Series AB First Home Loans. Investors seeking to maximize yield are urged to make an investment decision with respect to the Offered Bonds based upon the investor’s desired yield to redemption or maturity, the anticipated yield to redemption or maturity of the Offered Bonds resulting from the price thereof and the investor’s own determination as to (a) the anticipated rate of prepayments with respect to the Mortgage Loans (including the 2024 Series AB First Home Loans) and (b) the Authority’s ability and willingness to redeem Bonds and recycle.**

#### **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 been enacted by federal, state and local governmental authorities and it is likely that additional laws, regulations and rules will be proposed and/or enacted. 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 2024 Series AB First Home 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 2024 Series AB First Home Loan may result in the removal of such 2024 Series AB First Home Loan from the pool of loans backing the related 2024 Series AB Certificate. The principal balance of the removed 2024 Series AB First Home Loan will be distributed on the related 2024 Series AB Certificate and will affect expected timing of distributions of principal on the 2024 Series AB Certificates, and, therefore, the Offered Bonds. Bondholders bear the risk that modifications of the 2024 Series AB First Home 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 respective 2024 Series AB First Home Loans. As a result, actual 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 2024 Series AB First Home Loans to the extent such prepayments affect principal payments on the 2024 Series AB Certificates. A lower rate of principal prepayments than expected on the 2024 Series AB 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 2024 Series AB Certificates, investors may find it difficult to analyze the effect of prepayments on the yield on the Offered Bonds.

### **Rating Downgrade**

Because the 2024 Series AB Certificates are guaranteed by GNMA, Fannie Mae and/or Freddie Mac, as applicable, any downgrade in the sovereign credit rating of the United States of America by Moody's likely would result in a downgrade of the Offered Bonds by Moody's. 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, Fannie Mae Certificates and Freddie Mac Certificates, as applicable, any downgrade of the rating of the United States of America, or of Fannie Mae or Freddie Mac, 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 2024 Series AB 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 Guaranties of Fannie Mae and Freddie Mac**

The obligations of Fannie Mae under its guarantees of the Fannie Mae Certificates, and the obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates, are the respective obligations of Fannie Mae and Freddie Mac only. Neither the Fannie Mae Certificates nor the Freddie Mac Certificates (collectively, the "**Enterprise Certificates**"), including the interest thereon, are guaranteed by the United States, nor do they constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Fannie Mae or Freddie Mac, respectively, nor are they entitled to the full faith and credit of the United States. If either Fannie Mae or Freddie Mac is unable to satisfy its obligations under its guarantees, distributions on its Enterprise 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 Enterprise Certificates and could adversely affect payments on the Offered Bonds.

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On June 3, 2019, Fannie Mae and Freddie Mac (each, an “**Enterprise**” and, together, the “**Enterprises**”) began issuing new, common, single mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities (“**UMBS**”). The UMBS issued by the Enterprises finance fixed-rate mortgages and are guaranteed by either Fannie Mae or Freddie Mac depending upon which Enterprise issues the UMBS. Each UMBS is backed by fixed-rate mortgage loans purchased entirely by one of the Enterprises; thus, there is no comingling of collateral. The UMBS have characteristics similar to Fannie Mae Certificates and Freddie Mac has modified its security structure to more closely align with Fannie Mae Securities. The Enterprises may be required to consult with each other to ensure specific Enterprise programs or policies do not cause or have potential to cause cash flows to investors of mortgage-backed securities to misalign. Proceeds of the Offered Bonds are expected to be used to purchase 2024 Series AB Certificates which may include UMBS issued by Fannie Mae or Freddie Mac. For purposes of this Official Statement and the 2024 Series AB Indenture, the term “2024 Series AB Certificates” includes UMBS.

### **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. Certain investment agreements and, where acceptable to the Rating Agencies then rating the Related Bonds, guarantees may be delivered, from time to time, in connection with each Series of Bonds issued pursuant to the Indenture. The investment agreements, and any related guarantees, entered into in connection with the Bonds are herein collectively referred to as the “**Investment Agreements**”. In each case, the Investment Agreements, when entered into, must be consistent with and permit the continuation of the then current rating on the Bonds. Copies of Investment Agreements, if any, are on file with the Trustee. It is not expected that proceeds of the Offered Bonds will be invested in an Investment Agreement.

The failure to receive timely payment on Investment Obligations, including any Investment Agreements, could adversely affect the Authority’s ability to pay principal of and interest on the Bonds. If the rating issued by a Rating Agency with respect to any provider of an Investment Agreement falls below certain rating levels established by such Rating Agency with respect to such entity’s long-term and/or short-term rating, as applicable, the rating on the Bonds may be adversely affected. The Authority is under no obligation with respect to assuring the continued maintenance by any provider of an Investment Agreement of a particular rating from a Rating Agency, nor to find a substitute Investment Agreement in the event of a lowering of a provider’s rating. See “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” herein.

## Business Disruption Risk

**General.** Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct its business. A prolonged disruption in the Authority's operations could have an adverse effect on the Authority's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Authority has developed an Emergency Management Plan (the "**Plan**"). The Plan is designed to aid the Authority in (i) taking all reasonable and practical steps to minimize possible exposure to a disaster or potentially damaging event, (ii) initiating reasonable and appropriate recovery steps in the event of a disaster or potentially damaging event, and (iii) providing for continuity of operations in the event of a disaster or potentially damaging event. No assurances can be given that the Authority's efforts to mitigate the effects of a disaster or potentially damaging event will be successful in preventing any and all disruptions to its operations should such a disaster or potentially damaging event occur.

**Cybersecurity.** The Authority relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Authority faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Housing finance authorities and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the Authority, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Authority uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Authority conducts regular information security and privacy awareness training that is mandatory for all Authority staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Authority's Senior Director of Information Technology focuses on and leads the efforts of the Authority to keep its cyber assets secure.

Despite its efforts, no assurances can be given that the Authority's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on the financial condition, results or business of the Authority; however, the Authority is not able to predict the severity of these attacks. The results of any attack on the Authority's computer and information technology systems could impact its operations for an unknown period of time, damage the Authority's digital networks and systems, and damage the Authority's reputation, financial performance, and customer or vendor relationships. Such an attack could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Authority's reputation and relationships could adversely affect the Authority's ability to make loans and issue Bonds in the future.

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

### **General**

Payments of principal of and interest on the 2024 Series AB Certificates, whether from scheduled monthly installments or from Prepayments, together with investment income expected to be derived from 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 are expected to be sufficient to pay the interest on and the principal of the Offered Bonds and 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 (i) 2024 Series AB Certificates are not purchased either at the times anticipated by the Authority or at all, (ii) 2024 Series AB Certificates are not paid on a timely basis in accordance with their terms, (iii) the rate of receipt of Prepayments is other than as projected, (iv) actual investment income differs from that estimated by the Authority or (v) moneys in the 2024 Series AB Subaccount of the Revenue Account are needed to pay debt service on or program expenses for other Bonds or Auxiliary Obligations, the moneys available from the 2024 Series AB Certificates may be insufficient for the payment of debt service on the Offered Bonds and operating expenses of the Single Family Mortgage Program. In such event, the Authority would make such payments from the Revenue Fund and from other funds, accounts and moneys under the Indenture, to the extent available.

Under the First Home Program the fixed interest rate on 2024 Series AB First Home Loans may be revised from time to time, and the Authority expects to evaluate interest rates weekly and to change the interest rates as appropriate in the light of 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 laws and regulations. The Authority expects that the average fixed interest rates for 2024 Series AB First Home Loans (excluding the 2024 Series AB Participation Loans) will be 6.083%. Of the Mortgage Certificates backed by such 2024 Series AB First Home Loans, it is assumed that 80.0% of such certificates will consist of GNMA Certificates bearing interest at a rate of 0.375% per annum lower than the underlying 2024 Series AB First Home Loans, and 20.0% of such certificates will consist of Fannie Mae Certificates and/or Freddie Mac Certificates bearing interest at a rate of 0.72% per annum lower than the underlying 2024 Series AB First Home Loans. The actual results with respect to the 2024 Series AB Certificates are likely to change from the current expectations of the Authority described in this paragraph.

The Authority has assumed the payment from the 2024 Series AB Subaccount of the Revenue Account of annual Program Expenses with respect to the Offered Bonds consisting of, commencing September 1, 2024, a Fiduciary Fee not to exceed three hundredths of one percent (0.03%) per annum of Outstanding Offered Bonds plus, commencing March 1, 2025, an Authority Fee equal to eighteen hundredths of one percent (0.18%) per annum of the outstanding principal balance of the 2024 Series AB Certificates.

Notwithstanding the foregoing, the Authority may withdraw any money remaining in the 2024 Series AB Subaccount 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 has been delivered to the Trustee.

Moneys in the 2024 Series AB Subaccount of the Acquisition Account, the 2024 Series AB Subaccount of the Revenue Fund, the 2024 Series AB Subaccount of the Negative Arbitrage Account, the 2024 Series AB Subaccount of the Debt Service Fund and the 2024 Series AB 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” attached hereto.

The schedules of the serial Offered Bonds and the mandatory sinking fund redemption of the Offered Term Bonds assume no Prepayments of the 2024 Series AB First Home Loans. See “DESCRIPTION OF THE OFFERED BONDS – Estimated Weighted Average Lives of the Offered Term Bonds” herein. A portion of the Offered Bonds is likely to be redeemed pursuant to the special redemption provisions of the Indenture. See “DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions” herein. The Authority anticipates that a portion of the 2024 Series AB First Home 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 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 2024 Series AB First Home Loans. In general, if prevailing interest rates are significantly below the interest rates on the 2024 Series AB First Home Loans, the 2024 Series AB First Home Loans are likely to be subject to higher prepayment rates than if prevailing rates are at or above the interest rates on the 2024 Series AB First Home Loans. Conversely, if interest rates rise above the interest rates on the 2024 Series AB First Home Loans, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of the 2024 Series AB First Home 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 2024 Series AB First Home Loans, the extent to which such loans 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 Internal Revenue Code of 1986, as amended (the “**Code**”) with respect to the assumability of the 2024 Series AB First Home Loans funded with the proceeds of qualified mortgage bonds. The Authority makes no representation as to the factors that will affect the prepayment of the 2024 Series AB First Home Loans or the relative importance of such factors. Factors not identified by the Authority or discussed herein may significantly affect the prepayment of the 2024 Series AB First Home Loans.

The Authority believes the assumptions described herein are reasonable, but it 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 2024 Series AB 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.

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## Non-Origination of 2024 Series AB First Home Loans; Non-Delivery of 2024 Series AB Certificates

Competition in making real estate loans in the State normally comes primarily from credit unions, commercial banks, mortgage bankers, and other mortgage lenders in the area. One of the principal factors in competing for real estate loans is the interest rate charged to the mortgagor. While the Authority expects the 2024 Series AB First Home Loans will be made on terms comparable or more favorable than prevailing market terms, market interest rates on other available Mortgage Loans could decline and become more competitive with and possibly more attractive than the 2024 Series AB First Home Loans. Although the Authority may change the fixed interest rate at which the 2024 Series AB First Home Loans are originated to maintain competitive levels, economic and financial considerations of the Authority, requirements of the Indenture and federal tax laws and regulations may limit the ability of the Authority to maintain competitive interest rates. Since the inception of the Authority's use of Mortgage Certificates in its Single Family Mortgage Program in 1994, the Authority has not redeemed any Bonds from unexpended proceeds.

The Authority expects that amounts initially deposited into the 2024 Series AB Subaccount of the Acquisition Account will be used to acquire 2024 Series AB Certificates. The Authority is not obligated to use the proceeds of the Offered Bonds, any Outstanding Bonds or any Additional Bonds in any particular order and, depending upon the respective Mortgage Loan interest rates, the Authority may elect, from time to time, to use proceeds of particular Bonds to the exclusion of other Bonds, including the Offered Bonds.

In addition to financing Mortgage Loans with the proceeds of Bonds, since 2012 the Authority has operated a program to finance mortgage certificates in the secondary market and hedge market risk in the "to be announced" ("TBA") market. As of January 1, 2024, the Authority had completed the sale and settlement of approximately \$1,438,225,858 of mortgage certificates through the TBA market. Such sales may adversely affect the amount and timing of origination of 2024 Series AB First Home Loans. The origination of 2024 Series AB First Home Loans may also be affected by events affecting the economy of the State such as the rate of job growth and building activity. Depending upon the interest rates of certain mortgage loans and certain mortgage certificates that the Authority may have intended to acquire with the proceeds of the Offered Bonds when such mortgage loans were originated and such mortgage certificates pooled, it may become more advantageous for the Authority to sell such mortgage loans and mortgage certificates in the TBA market instead of acquiring such mortgage loans and mortgage certificates with proceeds of the Offered Bonds.

If moneys in the 2024 Series AB Subaccount of the Acquisition Account are not used to purchase 2024 Series AB Certificates for any reason, including but not limited to any one or a combination of those listed above, the Offered Bonds are subject to redemption prior to maturity at par, except for the redemption of the 2024 Series A Premium PAC Bonds which are to be redeemed at the price set forth on the inside cover page hereto. See "DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions – *Special Redemption from Unexpended Proceeds*" herein.

For Mortgage Loans made from the proceeds of any tax-exempt financing such as the 2024 Series A Bonds, the Code requires a payment to the United States from certain mortgagors upon sale of their homes (the "**Recapture Provision**"). The Recapture Provision requires that an amount determined to be the subsidy provided by tax-exempt financing be paid to the United States upon disposition of the home (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount increases during the first five years of ownership, with full recapture occurring if the home is sold during the fifth year. The recapture amount declines ratably to zero with respect to sales occurring in years six through nine. The Code excludes from recapture part or all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Recapture Provision may result in reduced demand for 2024 Series AB First Home Loans.

In addition, no assurance can be given that a change in the existing GNMA Program, Fannie Mae Program or Freddie Mac Program will not occur such that GNMA Certificates, Fannie Mae Certificates and Freddie Mac Certificates may not be available for purchase by the Trustee.

### **FIRST HOME PROGRAM**

The Authority intends to finance with a portion of the proceeds of the Offered Bonds approximately \$120,046,000 in aggregate principal amount of 2024 Series AB Certificates backed by 2024 Series AB First Home Loans originated under the First Home Program. Such 2024 Series AB First Home Loans are originated by Mortgage Lenders in accordance with the terms and conditions of the Act, the Indenture, the Code, the Rules and Regulations, the Master Purchase 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 the 2024 Series AB First Home Loans by the Authority. A summary of the First Home Program requirements follows. The Authority may change its First Home Program requirements from time to time without prior notice.

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.

### **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 September 30, 2023:

<b><u>Type of Mortgage Certificate</u></b>	<b><u>Balance<sup>(1)</sup></u></b>	<b><u>Percentage</u></b>
GNMA	\$1,190,141,756.00	83.17%
Fannie Mae	240,881,958.00	16.83%
Freddie Mac	0.00	<u>0.00%</u>
<b>TOTALS</b>	<b><u>\$1,431,023,714.00</u></b>	<b><u>100.00%</u></b>

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

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## Selected Historical Single Family Mortgage Program Activity As of January 16, 2024

Mortgage Program Title	Date Funds Made Available	Mortgage Note Rate (%)	Principal Amount of Mortgage Loans Expected to be Financed <sup>(a)</sup>	Principal Amount of Mortgage Loans Approved <sup>(b)</sup>	Principal Amount of Mortgage Loans Purchased or Pooled <sup>(c)</sup>	Unreserved Amount <sup>(d)</sup>
2010-A <sup>(e)</sup>	10/20/2010	4.000 to 6.290	\$ 70,000,000	\$69,941,880	\$69,941,880	N/A
2011-A <sup>(e)</sup>	05/19/2011	4.000 to 5.500	70,560,000	70,563,026	70,563,026	N/A
2011-B <sup>(e)</sup>	08/25/2011	4.000 to 5.500	40,280,000	40,186,245	40,186,245	N/A
2011-C <sup>(e)</sup>	10/11/2011	4.000 to 5.500	45,700,000	45,361,078	45,368,078	N/A
2012-A	06/09/2012	3.500 to 5.125	40,280,000	40,163,463	40,163,463	N/A
2012-B	09/18/2015	3.250 to 4.500	30,495,000	30,300,877	30,300,877	N/A
2013-A	01/23/2013	3.750 to 5.000	25,000,000	24,983,926	24,983,926	N/A
2013-B	06/25/2013	3.250 to 4.500	25,000,000	24,995,048	24,995,048	N/A
2013-C	09/18/2013	3.250 to 4.750	30,000,000	29,987,156	29,987,156	N/A
2014-A	01/15/2014	3.500 to 5.750	15,000,000	14,972,287	14,972,287	N/A
2015-A	03/26/2015	3.250 to 4.375	35,000,000	34,819,727	34,819,727	N/A
2016-A	04/27/2016	3.500 to 4.250	40,000,000	39,940,314	39,940,314	N/A
2016-C	11/23/2016	3.500 to 4.250	50,000,000	49,976,995	49,976,995	N/A
2017-B	11/17/2017	3.500 to 4.500	45,000,000	44,839,759	44,839,759	N/A
2018-A	02/05/2018	3.875 to 5.000	50,000,000	49,977,656	49,977,656	N/A
2018-B	07/11/2018	3.875 to 5.000	65,000,000	64,972,197	64,972,197	N/A
2018-C	09/18/2018	3.875 to 4.875	75,000,000	74,978,723	74,978,723	N/A
2018-D	12/13/2018	3.875 to 5.250	49,900,000	49,879,046	49,879,046	N/A
2019-A	02/20/2019	4.500 to 4.875	70,000,000	69,973,172	69,973,172	N/A
2019-C	05/16/2019	4.375 to 4.875	80,000,000	79,971,606	79,971,606	N/A
2019-D	08/15/2019	3.875 to 4.500	100,562,079	100,538,552	100,538,552	N/A
2019-F	11/05/2019	3.750 to 4.500	120,394,700	120,364,908	120,364,908	N/A
2020-A	02/20/2020	3.000 to 4.750	70,675,355	70,664,268	70,664,268	N/A
2020-B	10/22/2020	3.000 to 4.000	55,660,196	55,624,893	55,624,893	N/A
2021-A	05/20/2021	3.000 to 3.625	78,877,490	78,856,523	78,856,523	N/A
2021-C	08/19/2021	3.000 to 3.625	101,395,191	101,371,080	101,371,080	N/A
2021-D	11/18/2021	3.000 to 3.750	100,796,735	100,769,862	100,769,862	N/A
2022-A	02/23/2022	3.000 to 4.750	100,265,995	100,240,806	100,240,806	N/A
2022-C	05/24/2022	3.000 to 5.875	90,000,000	89,968,809	89,968,809	N/A
2022-D	08/18/2022	3.000 to 6.875	100,415,773	100,396,944	100,396,944	N/A
2022-E	12/15/2022	3.000 to 7.125	74,990,000	74,956,586	74,956,586	N/A
2023-A	02/23/2023	3.375 to 6.750	60,815,282	60,697,596	60,697,596	N/A
2023-B	05/25/2023	3.375 to 6.375	80,098,593	80,052,655	80,052,655	N/A
2023-C	08/17/2023	4.125 to 6.250	100,343,529	100,316,339	100,316,339	N/A
2023-D	11/21/2023	5.250 to 6.875	125,000,000	125,000,000	126,011,302	N/A

(a) Based on transaction assumptions as of the closing date for each Bond issue.

(b) Includes Mortgage Loans which have received compliance approval, have been delivered for purchase, and have been purchased or pooled into Mortgage Certificates. Does not include Mortgage Loans which have only a reservation. The amount of Mortgage Loans approved may exceed the amount of Mortgage Loans expected to be financed, due to the program parameters in effect at the time the respective Mortgage Loans were made.

(c) Includes Mortgage Loans which have been purchased or pooled into Mortgage Certificates.

(d) Represents funds not reserved for specific borrowers and related Mortgage Loans. Where N/A is indicated, no funds remain available in the related acquisition account.

(e) These programs were originated under the Authority's General Indenture of Trust dated as of December 1, 2009, in connection with the U.S. Department of Treasury's New Issue Bond Program. Mortgage Certificates held under these programs do not provide security for the Offered Bonds.

## **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 30-year fully amortizing Mortgage 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 first lien on real property including the improvements thereon, subject only to encumbrances and defects permitted under the MBS Compliance Agreements.

Assumptions of 2024 Series AB 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 applicable. Assumptions are also subject to compliance with any mortgage insurance, Fannie Mae or Freddie Mac guidelines.

## **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, (ii) with certain exceptions, who has not had a prior mortgage loan on such residence at any time prior to the origination of the First Home Loan, (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 provides 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 Master Purchase Agreement with the Authority.

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. Under the terms of the Master Purchase Agreement, each Mortgage Lender may charge, in connection with the origination and closing of Mortgage Loans, those fees specified from time to time by the Authority. Mortgage Lenders presently may charge borrowers an origination fee equal to 0.50% of the principal amount of the Mortgage Loan. 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 the execution by the Authority or Idaho Housing of the MBS Compliance Agreement, as the case may be. By executing the MBS Compliance Agreement, the Authority will certify or cause to be certified that the Mortgage Loan is eligible for purchase. The Mortgage Lender must then deliver the Mortgage Loan for purchase on or before the final mortgage delivery date. Following correction of any deficiencies in the Mortgage Loan, the Authority shall disburse or cause to be disbursed funds to the Mortgage Lender for the purchase of any eligible Mortgage Loans delivered to the Authority.

Each closed Mortgage Loan must be delivered to the Authority 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.

### **Down-Payment and Closing Cost Assistance**

The Authority currently offers four down-payment assistance programs designed to assist low-to-moderate income, first-time homebuyers. Each of the programs can be used in conjunction with the Authority's First Home Program. The programs provide either a second mortgage loan or grant based on established program guidelines, the proceeds of which can be utilized for down payment and/or closing cost assistance. Such programs are currently funded using the Authority's funds or through a Federal grant award. From time to time, the Authority may amend its down-payment assistance program guidelines without prior notice. The second mortgage loans made in connection with the Authority's down-payment assistance programs are not pledged as security for the Bonds under the Indenture.

### **Mortgage Discount and Purchase Price**

Upon each purchase by or on behalf of the Authority of a First Home Loan, the Authority shall pay or cause to be paid to the Mortgage Lender a servicing release premium. The Trustee purchases each First Home Loan Certificate from the Authority at a purchase price of 101.0% of the principal amount thereof. Immediately following the purchase described herein the Trustee shall transfer an amount equal to 1.0% of the principal component of such Mortgage Certificate from the 2024 Series AB Subaccount of the Acquisition Account and then deposit an amount equal to 0.50% of such principal component of such Mortgage Certificate to the 2024 Series AB Subaccount of the Revenue Account and shall transfer an amount equal to the remaining 0.50% of such principal component of such Mortgage Certificate to the Authority free and clear of the lien of the Indenture.

### **MBS Compliance Agreements**

Purchases of First Home Loans by or on behalf of the Authority from Mortgage Lenders are made pursuant to the MBS Compliance Agreements and the Master Purchase Agreements, each between the Mortgage Lenders and the Authority. Each MBS Compliance Agreement provides for the sale of a specified Mortgage Loan to be closed and delivered to the Authority or on its behalf. 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.

The Authority has the right to decline to purchase, and may withdraw its approval of the purchase of, any Mortgage Loan offered for sale to the Authority if such loan does not meet the requirements set forth in the MBS Compliance Agreement. The Master Purchase Agreements provide that the Mortgage Lender shall repurchase any Mortgage Loan sold to the Authority 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.

### **Master Purchase Agreements**

Each MBS Compliance Agreement incorporates by reference the Master Purchase Agreement between the Authority and the Mortgage Lender, including all of the terms, conditions, representations and warranties therein. Each Master Purchase Agreement describes the requirements for eligible Mortgage Loans under the First Home Program and contains representations, warranties, covenants and agreements of the Mortgage Lender to the Authority. The Authority and Idaho Housing, as the case may be, each have 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 not 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 Master Purchase Agreement.

The Master Purchase 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 Servicing Agreement**

The Authority retains all servicing rights related to purchased First Home Loans, including the 2024 Series AB First Home Loans. Pursuant to the Servicing Agreement, Idaho Housing purchases conventional First Home Loans from the Mortgage Lenders in the Authority's name, and the Authority purchases First Home Loans guaranteed or insured by FHA, VA or RHS directly from the Mortgage Lenders. Upon each such purchase, the Authority will pay or cause to be paid to the Mortgage Lender a servicing release premium. The Authority is to sell the First Home Mortgage Certificates backed by the First Home Loans to the Trustee at 101.0% of the unpaid principal balance thereof, plus accrued interest. In addition, the Servicing Agreement requires Idaho Housing to service the First Home Loans, as the Authority's subservicer, 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 Authority, including U.S. Bank National Association, Suburban Mortgage Company, Bank of Oklahoma (formerly Charter Bank), Bank of America (formerly Countrywide Bank, FSB), CitiMortgage, Inc., Wells Fargo Bank, N.A. (formerly First Security Bank, N.A.) and Idaho Housing.

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## 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.

## LEGAL MATTERS

Certain legal matters in connection with issuance of the Offered Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and for the Authority by Stelzner, Winter, Warburton, Flores & Dawes, 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 attached hereto.

## TAX MATTERS

### Federal Tax Matters with Respect to the 2024 Series A Bonds

**General.** In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2024 Series A Bonds (including any original issue discount properly allocable to the owner of a 2024 Series A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2024 Series A Bonds. Failure to comply with such requirements could cause interest on the 2024 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2024 Series A Bonds. Interest on the 2024 Series A Bonds may affect the federal alternative minimum tax imposed on certain corporations.

Section 103(a) and Section 141(e)(1)(B) of the Code provide that gross income for federal income tax purposes does not include interest on a “qualified mortgage bond”. Under Section 143 of the Code, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, targeted areas, yield restrictions and other matters.

The mortgage loan eligibility requirements of Section 143 of the Code generally applicable to the 2024 Series A Bonds are that (a) the residence with respect to which the Mortgage Loan is made is a single-family residence which is located in the State and can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the Mortgage Loan is made; (b) except in certain limited circumstances, no part of the proceeds are to be used to acquire or replace any existing mortgage; (c) the acquisition cost of the completed residence meets certain limits; (d) with certain exceptions, most notably targeted areas and for certain mortgagors who are qualified veterans, the mortgagor will not have had a present ownership interest in its principal residence during the preceding three years; (e) with certain exceptions, the family income of the mortgagor will not exceed 100%, in the case of a household of less

than three persons, and 115%, in the case of a household of three or more persons, of median gross income for the area in which the residence is located or the State, whichever is greater; and (f) the loan will not be assumable unless the requirements of (a), (c), (d) and (e) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (a) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (b) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all such requirements at the time the loans were executed; and (c) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered.

The Code imposes additional nonmortgage loan eligibility requirements relating to the 2024 Series A Bonds to maintain the exclusion from gross income for federal income tax purposes of interest on the 2024 Series A Bonds. For example, the Code limits the amount of the costs of issuance which may be paid from the proceeds of the 2024 Series A Bonds, limits the size of reserve funds established with the proceeds of the 2024 Series A Bonds and can require earnings on nonmortgage investments in excess of the yield on the 2024 Series A Bonds to be rebated to the United States. Of the Mortgage Loans originally funded with proceeds of the 2024 Series A Bonds, such Mortgage Loan principal prepayments and repayments that are received more than 10 years after the date of issuance of the 2024 Series A Bonds or more than 10 years after the issuance of any prior bonds that are refunded from proceeds of the 2024 Series A Bonds (or the earliest date in a chain of refundings) must be used to redeem or retire the 2024 Series A Bonds, and such amounts may not be recycled into new Mortgage Loan originations. Any original proceeds of the 2024 Series A Bonds (or transferred original proceeds of a prior bond refunded by the 2024 Series A Bonds) that are deposited into the Acquisition Account must either be used to either: (a) acquire Mortgage Loans within 42 months of the date of issuance of the 2024 Series A Bonds (or, as applicable, the date of issuance of the refunded prior bond); or (b) be used to redeem the 2024 Series A Bonds by such applicable date. The Code also imposes limitations on the yield of the Mortgage Loans allocable to the 2024 Series A Bonds. The Authority will covenant to take such actions as are necessary to comply with such requirements unless, in the opinion of nationally recognized bond counsel, it is not necessary to comply with such requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the 2024 Series A Bonds.

**Premium Bonds.** Any 2024 Series A Bonds sold at initial public offering prices which are greater than the stated amounts to be paid at maturity constitute “Premium Bonds”. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over the term of such Premium Bond using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Original Issue Discount.** 2024 Series A Bonds that have an original yield above their interest rate, as shown on the inside cover of this Official Statement (the “Discount Bonds”), were sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described herein.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

***Other Tax Consequences.*** The accrual or receipt of interest on the 2024 Series A Bonds may otherwise affect a Bondholder’s federal income tax liability. The extent of these other tax consequences will depend upon the Bondholder’s particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences.

Purchasers of the 2024 Series A Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and corporations subject to the alternative minimum tax), property and casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the 2024 Series A Bonds.

## **Federal Tax Matters with Respect to the 2024 Series B Bonds**

***General.*** In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2024 Series B Bonds is included in gross income for federal income tax purposes. The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2024 Series B Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income

tax laws. Potential purchasers of the 2024 Series B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2024 Series B Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the 2024 Series B Bonds, Bond Counsel has advised the Authority that the 2024 Series B Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Authority and not as an ownership interest in the trust estate securing the 2024 Series B Bonds or as an equity interest in the Authority or any other party, or in a separate association taxable as a corporation. Interest on the 2024 Series B Bonds will be fully subject to federal income taxation. In general, interest paid on the 2024 Series B Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments will be treated as a return of capital. The Code contains special federal income tax rules for “real estate mortgage investment conduits.” The Authority does not intend to treat the arrangement by which the trust estate secures the 2024 Series B Bonds as a “real estate mortgage investment conduit.”

***Bond Premium.*** An investor that acquires a 2024 Series B Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond’s term using constant yield principles, based on the purchaser’s yield to maturity. Investors of any 2024 Series B Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

***Market Discount; Original Issue Discount.*** An investor that acquires a 2024 Series B Bond for a price less than the adjusted issue price of such bond (or an investor who purchases an Offered Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a 2024 Series B Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2024 Series B Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2024 Series B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2024 Series B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2024 Series B Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2024 Series B Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2024 Series B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

***Unearned Income Medicare Contribution Tax.*** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2024 Series B Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the 2024 Series B Bonds and to gain on the sale of a 2024 Series B Bond.

***Sales or Other Dispositions.*** If an owner of a 2024 Series B Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2024 Series B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2024 Series B Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

***Defeasance.*** The legal defeasance of the 2024 Series B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2024 Series B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

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**Foreign Investors.** An owner of a 2024 Series B Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2024 Series B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2024 Series B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on 2024 Series B Bonds owned by foreign investors. In those instances in which payments of interest on the 2024 Series B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2024 Series B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2024 Series B Bond.

**Tax-Exempt Investors.** In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2024 Series B Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2024 Series B Bond is urged to consult its own tax advisor regarding the application of these provisions.

**ERISA Considerations.** The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include “plan assets” (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA)), such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans,” and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, “Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2024 Series B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2024 Series B Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Authority or any dealer of the 2024 Series B Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2024 Series B Bonds are acquired by such plans or arrangements with respect to which the Authority or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2024 Series B Bonds. The sale of the 2024 Series B Bonds to a Plan is in no respect a representation by the Authority or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any ERISA Plan proposing to invest in the 2024 Series B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the Authority nor the Underwriter is acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such purchaser or transferee with respect to the decision to purchase or hold the 2024 Series B Bonds or an interest in the 2024 Series B Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the 2024 Series B Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the 2024 Series B Bonds.

## **Backup Withholding**

An owner of an Offered Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Offered Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

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## **State Tax Matters**

In the opinion of Bond Counsel, under existing laws of the State, the Offered Bonds and the income therefrom are free from taxation, except for estate or gift taxes and taxes on transfers. Interest on the Offered Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Each purchaser of the Offered Bonds should consult a tax advisor with regard to the tax status of the Offered Bonds.

## **Changes to Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE OFFERED BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE OFFERED BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF 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, the Vice Chair or the Executive Director/Chief Executive Officer of the Authority to their respective positions.

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## UNDERWRITING

The Offered Bonds will be purchased from the Authority by RBC Capital Markets, LLC, as representative of itself and Raymond James & Associates, Inc. (collectively, the “**Underwriters**”), pursuant to a purchase contract dated January 24, 2024 (the “**Purchase Contract**”) at a price equal to \$123,482,275 (par amount of the Offered Bonds, plus net original issue premium of \$3,482,275, 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 \$737,150 and will also be reimbursed for out-of-pocket expenses in the amount of \$43,650 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.

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. Each of the Underwriters may also have affiliates who will serve as a selling group member in connection with the offer and sale of the Offered Bonds.

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

## RATING

Moody’s Investors Service, Inc. (“**Moody’s**”), has assigned a long-term rating of “Aaa” to the Offered Bonds. An explanation of the significance of such rating may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, NY 10007. 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 2024 Series AB Indenture, the Authority may substitute the long-term rating provided by Moody's with a substantially equivalent rating provided by S&P or 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 subheading "DESCRIPTION OF THE OFFERED BONDS – Estimated Weighted Average Lives of the Offered Term Bonds"). 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.

### **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 Underwriters 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/Chief Executive Officer, Chief Financial Officer or Secretary have been duly authorized by the Authority.

**NEW MEXICO MORTGAGE  
FINANCE AUTHORITY**

By:   
\_\_\_\_\_  
Executive Director/Chief Executive Officer

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## **APPENDIX A**

### **SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE**

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 Underwriters 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, Bonds and Auxiliary Obligations, the Debt Service Payments becoming due and payable on all Payment Dates during such period with respect to such Bonds and such Auxiliary Obligations.

“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.

“Auxiliary Agreement Providers” means Interest Rate Contract Providers and Liquidity Facility Providers.

“Auxiliary Agreements” means Interest Rate Contracts and Liquidity Facilities.

“Auxiliary Obligations” means obligations of the Authority for the payment of money under Auxiliary Agreements.

“Auxiliary Obligations Providers” means Interest Rate Contract Providers and Liquidity Facility Providers.

“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, the Trustee and Related Auxiliary Obligation Providers are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open. For purposes of this definition, the principal office of a Liquidity Facility Provider shall be the office to which demands for payment are delivered.

“Cash Flow Statement” means, with respect to any particular Bonds and Auxiliary Obligations, an Authority Certificate (a) setting forth, for the then current and each future Bond Year during which such Bonds and Auxiliary Obligations 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) any such Auxiliary Obligations expected to be incurred upon or in connection with the filing of such Certificate, (iii) the interest rate, purchase price, discount points and other terms of any Related Mortgage Loans and Mortgage Certificates, and (iv) 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, Related Interest Rate Contract 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 and Auxiliary Obligations 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 Related Auxiliary Obligations and any other Series and Related Auxiliary Obligations 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” means, with respect to a Series of Bonds, the requirement that, as of any date of calculation, the sum of (a) amounts held in the Related subaccount of the Acquisition Account, Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Related Bonds), the Related subaccount of the Redemption Fund (to the extent such amounts are required to be used to redeem Related Bonds) and the Related Subaccount of the Negative Arbitrage Account, and (b) the aggregate unpaid principal balance of Related Mortgage Certificates be at least equal to a percentage of the aggregate principal amount of Related Bonds then Outstanding. With respect to the Offered Bonds, the Class I Asset Requirement is 100%.

“Class I Auxiliary Obligations” means Auxiliary Obligations which the Authority designates as Class I Auxiliary Obligations 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 Obligations” means the Class I Bonds and the Class I Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class I Bonds and any Related Class I Auxiliary Obligations.

“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 Auxiliary Obligations” means Auxiliary Obligations which the Authority designates as Class II Auxiliary Obligations 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 Obligations” means the Class II Bonds and the Class II Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class II Bonds and any Related Class II Auxiliary Obligations.

“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 Auxiliary Obligations” means Auxiliary Obligations which the Authority designates as Class III Auxiliary Obligations 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 Obligations” means the Class III Bonds and the Class III Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class III Bonds and any Related Class III Auxiliary Obligations.

“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 Auxiliary Obligations” means Auxiliary Obligations which the Authority designates as Class IV Auxiliary Obligations 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 Obligations” means the Class IV Bonds and the Class IV Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class IV Bonds and any Related Class IV Auxiliary Obligations.

“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, the execution and delivery of Auxiliary Agreements 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, (b) Principal Installments, if any, and (c) Auxiliary Obligations, if any, due and payable on such date with respect to the Bonds and Auxiliary Agreements referred to.

“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 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 or Auxiliary Obligations 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 Rate Contract" means an interest rate exchange or swap contract, a cash flow exchange or swap contract, any derivative of such contracts, including forward swaps and options to enter into swaps, and interest rate floors, caps or collars, entered into between the Authority and an Interest Rate Contract Provider.

"Interest Rate Contract Provider" means a Person that is a party to an Interest Rate Contract with the Authority with respect to specified Bonds and whose credit rating by each nationally recognized Rating Agency then rating the Class I Bonds is sufficiently high to maintain the then current rating on such Bonds by such rating agency or the equivalent of such rating by virtue of guarantees or insurance arrangements.

"Interest Rate Contract Revenues" means all payments and receipts received by the Authority under an Interest Rate Contract.

"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) 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 and described in a Series Indenture or confirmed to the Trustee by an Authority Certificate;

(g) Units of a money market mutual fund 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

(h) 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.

“Liquidity Facility” means a letter of credit, standby bond purchase agreement, security bond, reimbursement agreement or other agreement between the Authority and a Liquidity Facility Provider with respect to specified Bonds issued under the General Indenture and described in a Series Indenture or confirmed to the Trustee by an Authority Certificate.

“Liquidity Facility Provider” means a Person that is a party to a Liquidity Facility with the Authority with respect to specified Bonds and whose credit rating by each nationally recognized Rating Agency then rating the Class I Bonds is sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or the equivalent of such rating by virtue of guarantees or insurance arrangements.

“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.

“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 and Interest Rate Contract 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; and, with respect to any Auxiliary Obligations, means Auxiliary Obligations which have not been paid or otherwise satisfied.

“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 for each Auxiliary Obligation, each date on which an amount is payable with respect to such Auxiliary Obligation, 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.

“Prepayment” means the payment 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.

“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, Auxiliary Agreement, 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, (c) Interest Rate Contract Revenues and (d) 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 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 Article X of this 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 and in consideration for the execution and delivery of Auxiliary Agreements by Auxiliary Agreement Providers: the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Bond Registrar, the Paying Agent, the Auxiliary Agreement Providers 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 and Auxiliary Agreement Providers. Unless otherwise specified in a Series Indenture (in which

the Authority may designate one or more classes of Related Bonds and Auxiliary Obligations as General Obligations) the Bonds and Auxiliary Obligations shall be special limited obligations of the Authority payable solely from the moneys, rights and interest pledged therefor in the General Indenture.

### **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.

### **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 (v) 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 this 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.

### **Acquisition of Mortgage Certificates**

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

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

(i) 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;

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

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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

(vii) 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.

(viii) 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 Servicers 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 Servicers 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 Servicers 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:

a. No Mortgage Loan shall be made by the Mortgage Lenders or purchased by the Servicers 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.

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

c. 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.

d. 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.

e. 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.

(ix) 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.

(x) 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.

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; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class I Auxiliary Obligations 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; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class II Auxiliary Obligations 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; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class III Auxiliary Obligations 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; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class IV Auxiliary Obligations 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 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), (ii) on each Payment Date for the purpose of paying amounts due under Related Class I Auxiliary Obligations as the same shall become due and payable or (iii) 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations 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), (ii) on each Payment Date for the purpose of paying amounts due under Related Class II Auxiliary Obligations as the same shall become due and payable or (iii) 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 Obligations 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), (ii) on each Payment Date for the purpose of paying amounts due under Related Class III Auxiliary Obligations as the same shall become due and payable or (iii) 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 Obligations 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), (ii) on each Payment Date for the purpose of paying amounts due under Related Class IV Auxiliary Obligations as the same shall become due and payable or (iii) 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 Obligations 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 subsection (a) 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 or Auxiliary Obligations 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.

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.

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 of an Authority Request to the Trustee 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 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) 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.

(c) 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.

(d) 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) It shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Certificates and Mortgage Loans consistent with sound banking practices and principles and applicable requirements under Section 143 of the Code, including the prompt payment of all Mortgage Repayments and all other amounts due the Authority thereunder.

### **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.

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 and Auxiliary Obligations, 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**

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 or any Class I Auxiliary Obligation when and as the same shall become due and payable, and such failure shall continue for a period of five 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 or any Class II Auxiliary Obligation 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 or any Class III Auxiliary Obligation 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 or any Class IV Auxiliary Obligation 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, including amounts due pursuant to Auxiliary Agreements, 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.

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 and Auxiliary Agreement Providers, 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 or the interests of the Auxiliary Agreement Providers.

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 or Auxiliary Obligations 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 and payments on Auxiliary Obligations 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 Obligations, 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 Obligations 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 Obligations and any other required payment on any Class I Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class II Obligations rather than the Class I Obligations.

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

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

(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 Obligations over Class II, III and IV Obligations, Class II Obligations over Class III and IV Obligations and Class III Obligations over Class IV Obligations) of the Indenture (including indemnity to the Trustee as provided in Section 9.2 of this 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 or Auxiliary Agreement Providers under the Indenture.

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 subsection (c) below, including but not limited to: (a) Suit upon all or any part of the General Obligation Bonds; (b) 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 (c) 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 and Auxiliary Agreement Providers 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 or such Auxiliary Agreement Providers under the Indenture.

If the Authority shall fail to pay any amount on any Auxiliary Obligation which constitutes a General Obligation when due, provided that such failure shall not also constitute an Event of Default under

the General Indenture, such failure 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 or Auxiliary Agreement Providers under the Indenture. The rights and remedies of Auxiliary Agreement Providers having Auxiliary Obligations which constitute General Obligations shall be governed by the Related Auxiliary Agreement; however, such rights and remedies shall be limited to the enforcement of the Authority's General Obligation covenant with respect thereto and to the disbursement of amounts available with respect to Related Auxiliary Obligations from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund based on the lien priority of such Auxiliary Obligation after provision is made for, and after taking into account the rights of, Holders of Bonds or Auxiliary Agreement Providers having a prior lien on Revenues as provided in the Indenture and such exercise of remedies upon shall not in any manner affect, disturb or prejudice the security and rights of such Holders of Bonds or such Auxiliary Obligations Providers 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 Obligations over Class II Obligations, Class III Obligations and Class IV Obligations, of the Class II Obligations over Class III Obligations and Class IV Obligations and of the Class III Obligations over Class IV Obligations) 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 Article VIII of this 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 and 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 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;
- (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; or
- (h) To provide for the execution and delivery of Auxiliary Agreements.

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.

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.

### **Consent of Holders of Bond**

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.

### **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.

### **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 and if the Authority shall pay or cause to be paid to all Auxiliary Agreement Providers all amounts due and payable under all Auxiliary Agreements, 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) if 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.

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## APPENDIX B

### FORM OF APPROVING OPINION OF BOND COUNSEL

\_\_\_\_\_, 2024

New Mexico Mortgage Finance Authority  
344 4th Street, S.W.  
Albuquerque, New Mexico 87102

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
\$120,000,000  
Single Family Mortgage Program Class I Bonds  
2024 Series A (Tax-Exempt) (Non-AMT)  
2024 Series B (Federally Taxable)

Ladies and Gentlemen:

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, 2024 Series A (Tax-Exempt) (Non-AMT) in the aggregate principal amount of \$96,000,000 (the “2024 Series A Bonds”) and its Single Family Mortgage Program Class I Bonds, 2024 Series B (Federally Taxable) in the aggregate principal amount of \$24,000,000 (the “2024 Series B Bonds” and collectively with the 2024 Series A Bonds, 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 November 1, 2005, as heretofore amended and supplemented, and a 2024 Series AB Indenture, dated as of February 1, 2024 (collectively, the “Indenture”) between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds are dated, mature in the years and in the principal amounts, bear interest at the rates, are subject to redemption prior to maturity and are otherwise in the form described in the Indenture.

It is our opinion as bond counsel 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 and the Auxiliary Obligations (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 and 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. Under existing laws, regulations, rulings and judicial decisions, interest on the 2024 Series A Bonds (including any original issue discount properly allocable to the owner of a 2024 Series A Bond) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2024 Series A Bonds may affect the federal alternative minimum tax imposed on certain corporations.

5. Under existing laws, regulations, rulings and judicial decisions interest on the 2024 Series B Bonds is included in gross income for federal income tax purposes.

6. Under existing laws of the State of New Mexico, the Offered Bonds and the income therefrom are free from taxation except for estate or gift taxes and taxes on transfers.

The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements which must be met subsequent to the issuance of the 2024 Series A Bonds in order that interest thereon be and remain excludable from gross income for federal income tax purposes. The requirements include provisions that restrict the yield and set forth limitations within which the proceeds of the 2024 Series A Bonds are to be invested, including eligibility requirements for mortgages, and require that certain investment earnings be rebated on a periodic basis to the United States Treasury. The Authority has covenanted to comply with such requirements. Failure to comply with such requirements could cause interest on the 2024 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The opinions described in paragraph (4) above assume the accuracy of certain representations of and compliance by the Authority with its covenants to satisfy the requirements of the Code. We express no opinion regarding other federal tax consequences arising with respect to the 2024 Series A Bonds.

The accrual or receipt of interest on the 2024 Series A Bonds may otherwise affect the federal income tax liability of the owners thereof. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. We express no opinion regarding any such consequences.

Purchasers of the 2024 Series A Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and corporations subject to the alternative minimum tax), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2024 Series A Bonds.

The obligations of the parties, and the enforceability thereof, with respect to the documents described above are subject to the provisions of the bankruptcy laws of the United States of America and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Certain of the obligations, and the enforcement thereof, contained in the documents described above are also subject to general principles of equity, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed as to the Offered Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof, and we express no opinion herein as of any subsequent date or with respect to any pending legislation. Each purchaser of the Offered Bonds should consult his or her own tax advisor as regards any pending or proposed federal tax legislation.

Respectfully submitted,

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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 Servicers must first apply to and receive from GNMA the Commitment to Guarantee Mortgage Backed Securities (the “MBS Agreement”). The MBS Agreement authorizes the 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 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 Servicers’ servicing fee, more fully described herein), whether or not the Servicers receive such payments, plus any prepayments of principal of the Mortgage Loans received by the Servicers in the previous month. Each GNMA II Certificate will require the 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 Servicers received such payments, plus any prepayments on the Mortgage Loan received by the 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 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 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, if 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 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 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 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 Servicers will be the source of payments on the GNMA Certificates. If such payments are less than what is due, the 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 Servicers to pay an amount equal to the scheduled payments (whether or not made).

The 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 Servicers upon issuance of the GNMA Certificates (the “GNMA Guaranty Agreement”) will provide that, in the event of a default by the Servicers, GNMA will have the right, by letter to the Servicers, to effect and complete the extinguishment of the 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 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 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. This conservatorship does not have a specified termination date. 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](http://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](http://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 Servicers will enter into a Pool Purchase Contract, pursuant to which the 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 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 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 issued on or after June 3, 2019 will be a Uniform Mortgage Backed Security ("UMBS"). Each Fannie Mae Certificate will represent the entire interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the 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 2024 Series AB First Home 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](http://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](http://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 underserved 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**

Each Freddie Mac Certificate issued on or after June 3, 2019 will be a Uniform Mortgage-Backed Security ("UMBS"). 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 a 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 a 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 a 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 SYSTEM

*The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriters nor the Authority take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Offered Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Offered Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Offered Bonds.*

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 issue of the Offered Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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 Offered 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 if the 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. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bond documents. For example, Beneficial Owners of the Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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).

Redemption proceeds, principal payments 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 Bancorporation, National Association (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 redemption proceeds, principal payments and interest payments 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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 or the Paying Agent. Under such circumstances, if 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.

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.

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## APPENDIX G

### FORM OF THE CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated February 22, 2024 (the “**Disclosure Agreement**”) is executed and delivered by the New Mexico Mortgage Finance Authority (the “**Authority**”) and Zions Bancorporation, National Association (the “**Trustee**”), in connection with the issuance of \$96,000,000 in aggregate principal amount of the Authority’s Single Family Mortgage Program Class I Bonds, 2024 Series A (Tax-Exempt) (Non-AMT) (the “**2024 Series A Bonds**”) and \$24,000,000 in aggregate principal amount of the Authority’s Single Family Mortgage Program Class I Bonds, 2024 Series B (Federally Taxable) (the “**2024 Series B Bonds**” and collectively with the 2024 Series A Bonds, the “**Offered Bonds**”). The Offered Bonds are being issued pursuant to the General Indenture of Trust, dated November 1, 2005, and the 2024 Series AB Indenture, dated as of February 1, 2024, each 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 Offered 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 Chief Financial Officer 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](http://emma.msrb.org).

“**Financial Obligation**” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**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 1300 I Street NW #1000, Washington, D.C. 20005, phone (202) 838-1500, fax (202) 898-1500.

“**Participating Underwriter**” shall mean any of the original underwriters of the Offered Bonds required to comply with the Rule in connection with offering of the Offered 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 in which the Offered Bonds are issued 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 Sections 5(b) and 5(c).

(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) 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) 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 Offered Bonds, the following information, as of the end of such fiscal year:

- (i) For each maturity of the Offered 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 Offered 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 2024 Series A Bonds, or other material events affecting the tax status of the 2024 Series A Bonds;

- (vii) Modifications to rights of holders of the Offered Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Offered 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;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

(b) If a Listed Event described in paragraph (ii), (vii), (viii) (but only with respect to bond calls under (viii)), (x), (xiii), (xiv) or (xv) 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), (xii) or (xvi) 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 the Listed Event described in subsection (a) (viii) 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 Offered Bonds. If such termination occurs prior to the final maturity of the Offered 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 Offered 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 Offered 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 Offered 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 Offered 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 Offered 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 Offered 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 Offered 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.

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**EXECUTED AND DATED** as of the date set forth above.

**NEW MEXICO MORTGAGE FINANCE  
AUTHORITY**

By \_\_\_\_\_  
Chief Financial Officer

**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, 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, 2024 Series A/B

Date of Issuance: February 22, 2024.

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 February 22, 2024 between the Authority and Zions Bancorporation, National Association, as trustee. [The Authority anticipates that the Annual Bond Disclosure Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_, 20\_\_

**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION,**

Trustee, on behalf of the New Mexico Mortgage  
Finance Authority

cc: New Mexico Mortgage Finance Authority

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